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ABSTRACT

Designed to document the funding history of California's adult schools, this document also identifies key issues and presents several funding options. Chapter 1 provides an overview of public school adult education in California and discusses the global objectives of adult school funding. Chapter 2 discusses the legislative basis of funding, an analysis of the current funding system, and developments and considerations important to funding options. Chapter 3 discusses relevant issues (creating new adult schools, reasonable enrollment growth, adequate revenue limits, and reliable base-year adjustments) and several policy options for unfunded areas, to raise the enrollment cap, to raise the base revenue limit, and to adjust cap and revenue limits. Chapter 4 briefly summarizes preceding chapters. (CML)

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SPECIAL AEI REPORT

SPECIAL REPORT ON ADULT SCHOOL FUNDING

Background Report on Adult School Funding Policies and Procedures

NUMBER 5

AUGUST 1990

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Adult Education Institute for Research and Planning

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SPECIAL AEI REPORT

Special Report on Adult School Funding

Background Report on Adult School Funding Policies and Procedures

NUMBER 5

AUGUST 1990

Submitted to:

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Letter of Transmittal

This special report on public school adult education funding has been prepared as a resource document for the Adult Education Interim Steering Committee, its subcommittees, and other adult education stakeholders. It explores how current funding policies and procedures have affected the ability of adult schools to serve the needs of adults in California.

Portions of this report were previously published in ***Funding for Today's Needs:*** *Policy Option Paper on Strategic Recommendation 1.*

This report does not necessarily represent the views or policies of the California Department of Education, Community Colleges, or the Adult Education Interim Steering Committee.

Sincerely,

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The contents of this paper do not necessarily reflect the views or the following persons or institutions they represent:

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This report has been prepared to summarize background information. The contents of this paper do not necessarily reflect the policies of the California Department of Education, Community Colleges, Interim Adult Education Steering Committee, or other institutions.

Chapter 1
Introduction

Basic education is essential if individuals and communities are to prosper. The current adult school system is unable to adequately meet the need for basic adult education in California. Identification of the rudimentary funding issues is critical to a practical solution.

The purpose of this report is to document the history of funding in California's adult schools, identify key funding issues and present several funding options for consideration. Four chapters covering the following topics are included in this report:

(1) Introduction
(2) Current Funding System
(3) Funding Options to Consider
(4) Conclusion

The first chapter will provide a brief overview of public school adult education in California and discuss the global objectives of adult school funding.

Overview

Adult schools provide a variety of programs and courses for their communities. Due to the capacity of adult schools to respond to community needs, they have historically played a major role in educating California's adults. Today, their role is even more essential as the basic educational needs of adults grow and become more acute.[1]

Ten areas of instruction are currently authorized to receive state adult education funding **(See Exhibit 1)**. The state chose to finance these ten areas because they are thought to be essential to the general welfare of Californians.

[1] Fred Best, ***Adult Education Needs for a Changing State: Discussion Paper on Long-term Adult Education and Training Needs in California***, prepared for the Adult Education Unit, State Department of Education, by Pacific Management and Research Associates, 1988, page 9.

Exhibit 1
TEN AUTHORIZED AREAS OF INSTRUCTION

- **Apprenticeship Programs**
- **Citizenship Education**
- **English-as-a-Second Language Instruction**
- **Health and Safety Instruction**
- **Elementary and Secondary Basic Education**
- **Home Economics Instruction**
- **Parent Education**
- **Programs for Older Adults**
- **Programs for Substantially Handicapped**
- **Vocational Training**

Current research indicates that approximately 3.5 million California adults need to improve their basic skills;[2] one-sixth of the population has literacy deficiencies and one-fourth have educations inadequate to meet today's skill requirements.[3] Moreover, approximately one-third of California's youth fail to complete four continuous years of high school and receive a high school diploma.[4] Most disconcerting is the fact that these groups are growing at a faster rate than the population as a whole.[5] Population projections also suggest that adult schools will need to serve a population that is not only expanding, but becoming more diverse. All of these factors combine to make basic adult education a pressing concern for the state.

Despite these needs, adult school funds have been severely limited. For example, in inflation-adjusted dollars, current funding is one-third less than it was in 1978. This translates to a 46 percent decline in per-learner expenditures.[6]

In addition, three other major constraints exist. First, the dollars delivered for each ADA are half that of the unified and high school district rate. Second, a "universally" applied, artificial growth rate limits the number of students to be served with state funds. Third, funding is not equally available to all geographical areas.[7]

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[2] *Ibid.*, page 35-36.

[3] ***Adult Education for the 21st Century: Strategic Plan to Meet California's Long-term Adult Education Needs*** (1989 Edition), page 64.

[4] Fred Best, et al., ***Educational Needs Assessment for California's Youth: Planning Educational Options for the 21st Century***, 1990, prepared for the California Department of Education, the Educational Options and Parenting Unit, page 2–10

[5] ***Strategic Plan for Adult Education***, (1989 Edition), *Op. Cit.*, page 64.

[6] *Ibid.*

[7] *Ibid.*

Any long-term strategic plan for adult schools must address these funding issues. Clearly, additional funding alone will not resolve all of the issues. Nonetheless, without appropriate funding, many of the long-term needs of adult education will not be met.[8] Developing and maintaining quality adult school programs will require both legislative and financial commitments.

Adult School Funding Objectives

Adult schools attempt to provide the opportunity to attain basic skills, renew occupational qualifications and pursue other self-improvement regardless of age, area of residence, or prior educational experience.[9] Current funding levels prevent adult schools from meeting these objectives and planning for future educational needs.

Additional state support is necessary in order to accommodate the pressing demand for adult education in the ten authorized areas.

Three objectives are particularly susceptible to funding shortfalls: **(1)** Allowing equal access to adult education throughout the state, **(2)** Providing services to meet local demand; and **(3)** Ensuring educational quality of adult programs (**Exhibit 2**).

Exhibit 2
SUSCEPTIBLE FUNDING OBJECTIVES

- **Allowing Equal Access to Adult Education Throughout the State**
- **Providing Services to Meet Local Demand for Adult Education**
- **Ensuring Educational Quality of Adult Programs**

Allowing Equal Access Throughout the State. This objective is unmet because only those adult schools in existence before 1978 are entitled to state funds. Currently, 162 of the 393 unified and high school districts are without adult schools. This policy clearly denies equal access to those individuals who are not fortunate enough to live in a funded geographical area.

[8] Readers are referred to ***Adult Education for the 21st Century: Strategic Plan to Meet California's Long-Term Adult Education Needs***, (1989 Edition), for a detailed explanation of the 14 strategic recommendations for the future of adult education.

[9] *Ibid.*, page 53.

Providing Services to Meet Local Demands. Even districts with funded adult schools have difficulty meeting this objective. A state-mandated "ceiling" on the total number of funded hours inhibits them. The number of hours is based upon "average-daily-attendance" (ADA). Each unit of ADA equals 525 student attendance hours. The ceiling on ADA is commonly called the "CAP." The ADA CAP is established and adjusted through legislation. The "multiplier" for CAP growth is mandated in legislation[10] to be raised by 2.5 percent each year. The Legislature has not consistently granted this increase. Growth adjustments to the CAP have not kept pace with either the current law or the actual increase in demand. Only "no growth" adjustments have been granted since 1986-87.[11] This disparity has affected the ability of adult schools to deliver the adequate services.

The objective is not to simply funnel more money to adult schools, or to relieve them of fiscal responsibility. Rather, it is to more reasonably balance educational and economic decisions within adult schools.

Ensuring Educational Quality of Adult Programs. Raising or eliminating the CAP would address the issue of artificial growth levels, but without an increase in the number of dollars generated per unit of ADA, this action will only bring more people into an inadequately funded system. Pre-1978 student cost figures are used as the base figures for annual adjustments to the revenue limit. Local shifts in per student costs since 1978, other than the average statewide cost-of-living allowance (COLA), are not taken into account. If a program had low enrollment and/or low student costs prior to 1978, it would have been locked into those figures for subsequent years (the reverse is also true). As both the number of adults needing services and the cost to provide services have increased, adult schools have had to severely stretch inadequate state funds to cover program costs. The need to cover basic costs can affect program quality.

To meet the growing and diverse needs of their communities, adult schools must have the ability to grow and the resources to assure that quality programs are developed and maintained. Without appropriate funding, adult schools are severely restricted in the number of alternatives they can choose from when responding to changes in their environments. These three issues warrant priority attention and rigorous analysis. The objective is not simply to funnel more money to adult schools, or to relieve them of fiscal responsibility. Rather, it is to more reasonably balance educational and economic decisions within adult schools.

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10 Section 498 of *Senate Bill 813* (1983) and Chapter 258 of *Assembly Bill 2313* (1984).

11 Budget decisions have superseded the 2.5% CAP increases. Some growth has been allowed in targeted areas, such as ESL and ABE. However, districts must apply for this additional ADA annually.

Chapter 2

Current Funding System

Funding for adult schools has changed dramatically over the last two decades. This has resulted in distortions, inadequate funding and inequities that jeopardize the prospect of meeting current and future needs for adult learning.

This chapter provides background on funding for adult schools in California. Key topics to be discussed include: the legislative basis of funding, an analysis of the current funding system, developments and considerations important to funding options, and finally key findings.

Legislative Basis of Funding

The California Constitution, Article 9, Section 5 and 6, entitles "education" to have the "first call" on general funds. Although adult education is not specifically mentioned, there is a constitutional entitlement to public education in California. This entitlement to education has historically been the driving force for adult educators.

Ideally, the nature and quantity of adult education should be defined by local and state needs. However, adult school funding in California is rooted in statute. As such, adult schools are obligated to design itself in such a way as to be capable of adapting to legislative definitions, as well as changing local needs. Because state fiscal support for adult schools is the focal point of this report, it is important to understand the differing roles of education and legislation.

Funding policies for adult schools are the result of interplay between instructional providers and the Legislature. The state decides the areas and level of support it will give to education. Legislators have the responsibility and authority to determine which areas are contributing to the social welfare and therefore entitled to public support. Consequently, the local educational system must adjust its structure to accommodate these policies. Further, to influence wise decisions, educators have the

responsibility to inform policy makers of social needs through the use of sound data.[1]

Some believe there is a fundamental and unavoidable conflict between education and legislation. While education is intended to open possibilities and expand definitions, legislation is intended to regulate and fix definitions.[2] Some argue that the struggle of legislatures to define policies and educators to adapt to these policies has induced instructional providers to adjust programs to gravitate toward the source of maximum revenue. This reaction may be prompted more by necessity than mere desire for more revenue. This struggle is best demonstrated by an overview of adult education legislation in California. This overview will also provide the necessary background on current adult school funding issues.

GENERAL LEGISLATIVE HISTORY

Adult education in California began in 1856 and was granted legal recognition and state appropriations in 1907.[3] An important policy statement regarding education was made by the state in 1910. A provision[4] was added to the state constitution that required the Legislature first set aside funds for the support of the public school system. This provision provided a constitutional entitlement to education in California. In 1929, the Division of Adult Education was formed within the State Department of Education.

Originally, basic adult education was only offered through the unified and high school districts and was financed with surplus district funds. At the time, colleges were not allowed to offer "high school"[5] courses. In 1941, the Legislature authorized "junior colleges" to offer high school courses and collect fees for these courses. Rather than using surplus school district funds for basic adult education courses, districts opted to transfer adult education into "junior colleges" to acquire the additional state funds available for high school courses. In 1945, the impetus to transfer adult education into the colleges was decreased when adult schools were permitted to collect fees for adult education, rather than depend solely upon surplus district funds.

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[1] William Griffith and Pamela Fujita-Starck, "Public Policy and the Financing of Adult Education," ***Handbook of Adult and Continuing Education***, Sharan Merriam and Phyllis Cunningham (Editors), Jossey-Bass Publishers, San Francisco, 1983, page 169.

[2] Allan Thomas, "Government and Adult Learning," ***Choosing Our Future: Adult Education and Public Policy in Canada***, Cassidy and Faris (Editors), Institute for Studies in Education, Toronto, Ontario, 1987

[3] Several sources were used to develop this section: Corinne Price, "Adult Education in California," ***Thrust***, October 1985, pages 10-13; "A Brief Chronology of Adult Education Funding," Background Report for Senate Education Committee, November 30, 1981; "Adult Education--A Historical Perspective via Legal and Fiscal Mandates," California State Department of Education, Division of Continuing Education (no date); "Meeting California's Adult Education Needs," California Postsecondary Education Commission, 1988, *passim*.

[4] Article 9, Section 5 and 6.

[5] Community Colleges (Junior Colleges) were part of the public school districts at this time.

The 1947 legislature restructured state support for education. Among other things, a minimum support level, less than the K-12 level, for adult classes was guaranteed for the first time. Adult courses had historically been financed with surplus funds from the K-12 district and some fee based courses. Since the support level from the state was equal, districts opted to move adult courses to adult schools because adult classes were less costly to run than high school or college classes.[6] This reapportionment of funds created rapid growth in adult schools. As a result, the 1953 Legislature mandated "defined" adult classes to be funded at a lower unit rate than high school or college classes. This motivated school districts to reduce adult classes in order to meet growing demand for K-12 instruction that was funded at a higher level. Lower rates of funding for district adult classes also encouraged growth of adult instruction within community colleges which received greater funding for providing the same services. It was not until the late 1960's that legislation was adopted to curtail the transfer of programs from adult schools to colleges purely for fiscal reasons. This was partially achieved through the clarification of "defined" and "undefined" adults.[7] Undefined adults were funded at a higher rate than defined adults. These changes, in turn, prompted adult schools to shift students from "defined" adult categories into other categories to maximize funding. The late sixties also marked the establishment of two separate administrative districts, one for school systems (K-12), and one for community colleges.

The 1970's brought almost yearly changes in funding formulas and ended with major restructuring of the public education system. In 1973, legislation again restructured both community colleges and state school financing. Base revenue limits, cost-of-living increases, and income averaging were introduced. The new formula triggered rapid ADA growth in adult schools, particularly in low cost programs to off-set high cost programs. The formula also resulted in the shift of much of adult school resources to the K-12 General Fund. Again, definitions were changed to discourage providers from making decisions based upon finances rather then education. First, the "undefined adult" category was eliminated. By removing this category, adult schools had one "adult" category, and one reimbursement rate. This reduced program/student shifting to maximize funding. Second, "adult" was defined as persons 19 or older who were not concurrently enrolled in high school. And third, base revenue limits were established using "average" state expenditure data. Any district whose costs were *above* the state's "average" revenue limit saw a reduction in their total revenue. This reduction of state funds ultimately

[6] Overhead for high schools and colleges was more costly than adult classes.

[7] "Adult" was defined as 21 years or older, enrolled for less than a full day of 140 minutes, and "Undefined Adult" was defined as minors and other students not defined as adults.

discouraged development of new courses, especially if their startup cost was above the state average revenue limit. Additionally, the new definition of "adult" caused another major shift in programs in order to comply with law.

In 1978 the voters of California initiated, and passed, Proposition 13. As a result, local property taxes were greatly reduced as a source of funding for education. This required the state to assume much greater responsibility for funding education and forced districts to alter educational priorities. state adult education funds were sent to districts in the form of a "block grant," rather than as separate funds. With less money to apportion within the district, district administrators had to decide educational priorities through disbursement of scarce funds. Districts had the opportunity to divert adult funds into other areas--and many districts did so. The response to Proposition 13 resulted in three major changes that continue to affect adult schools today:

- **No Funding for Programs Established After 1978.** School districts that were not operating an adult school in 1978 were effectively cut off from state funds for adult schools.

- **Funding Rate Fixed By Historical Base.** In 1979, the passage of *Assembly Bill 8* capped funds for adult schools by establishing revenue limits based upon 1977-78 expenditure rates. This action locked funding adjustments into a base year and imposed a 6 percent annual COLA. Further, a 2.5 percent ADA growth adjustment was also mandated. Keeping in mind the changes made in funding and definitions in 1976, the choice of 1977-78 as the base year may not have been representative of the expenditures or the services being provided by adult schools. More specifically, a "base year" funding method creates problems if the base year chosen is: (1) not reflective of typical behavior, and/or (2) not periodically adjusted to reflect changes. It can be argued that, applied to adult education, the "base year" method violated both of these guidelines. Adult schools had so many changes throughout the years in its funding structure and definitions that an accurate assessment of its "typical behavior" was difficult to gauge. Another problem, which has become increasingly evident, is that the base year has not been periodically adjusted; in fact it has not been adjusted for the revenue limit since 1978, or for the CAP since 1982-83.

Prior to Proposition 13, local taxes supported 44 percent of adult schools and noncredit instruction. Today, the state funds more than 90 percent of instruction in the ten authorized areas.

- **Increased State Control.** Prior to Proposition 13, local taxes supported 44 percent of adult schools and noncredit instruction. Today, the state funds more than 90 percent of instruction in the ten authorized areas.[8] This increase in appropriations made the role of the state more predominant, leading to greater control. Today, the state regulates the growth, the reimbursement levels, and the funded areas of instruction.

These three impacts have produced inequities, distortions and inadequacies in the funding of California's adult schools.

CURRENT FUNDING LAWS

The state funding structure centers around the ten areas of authorized instruction that the state has determined to be in the social interest and worthy of state support (**See Exhibit 1**). The funding formulas revolve around the total ADA in these ten areas of instruction.

Section 498 of *Senate Bill 813* (1983) and Chapter 258 of *Assembly Bill 2313* (1984) stipulate that adult education programs are to be funded upon historically determined enrollment (average daily attendance) and cost per student (revenue limit) figures. Cost per student existing within school districts before 1978 and enrollment conditions prior to 1984 are the figures upon which ADA calculations are made. The State School Fund is amended annually by the Legislature to adjust local school financing in accord with statewide Cost of Living Adjustments (**COLA**) and maximum enrollment growth fundable by the state (**CAPS**).

One unit of ADA equals 525 student attendance hours. There are three types of ADA: "actual," "allowable" and "fundable." Actual ADA is the number of student ADA hours actually served by the district. The "allowable" ADA is the maximum level the state will fund. The "fundable" ADA is the lesser of "actual" or "allowable" ADA *and* the level the state really funds. Actual ADA is computed by totaling all the ADA hours of instruction earned in each of the ten state authorized areas of instruction.[9]

The maximum, or allowable, ADA is determined by calculating the legislated growth rate adjustment and adding it to the 1982-83 (base year for growth) mandated adult CAP ADA. For example, a 300 ADA CAP for 1982-83 increased

[8] Fred Best, ***Review of Training Delivery and Funding Systems for GAIN Evaluation***, prepared for Manpower Demonstration and Research Associates by Pacific Management and Research Associates, 1986, page 6; Barry Stern, ***The California Adult Education System: Background Report***, prepared for the Adult Education Unit, State Department of Education, by Pacific Management and Research Associates, page 20.

[9] Attendance hours for community services/fee-based classes are not reported to the state.

by a 1987-88 growth rate of 9.74 percent would create a new allowable rate or ADA CAP of 329 for 1987-88.

Districts are able to choose the most preferable of two ADA revenue limits for the new year. The first is to add the COLA to the estimated statewide average revenue limit (*i.e.* a 6 percent COLA would add $60 to the previous year's statewide average revenue limit of $1,000, to produce a $1,060 statewide average revenue limit for the current year). This choice is advantageous for districts with low pre-1978 revenue limits. The second option, advantageous to districts with higher than average pre-1978 revenue limits, is to add the COLA to the *district's* ADA revenue limit of the previous year (*i.e.* a 6 percent COLA would add $65 to the district's previous year's revenue limit of $1,080, to produce a $1,145 revenue limit for the current year).

The amount of state revenue to be received by the district is calculated by multiplying the "fundable" ADA by the established ADA revenue limit (the greater of the statewide average or the block entitlement grant).

PROPOSITION 98

The most recent change for educational funding in California was the "Classroom Instructional Improvement and Accountability Act" (Proposition 98). This proposition amended the state constitution. For the first time, in any state, over one-third of the General Fund expenditures must be earmarked for K-12 education and community colleges.[10]

Under the California Constitution, most government entities have a limit upon the amount of tax revenues they can receive each year. This amount is usually adjusted yearly to reflect changes in inflation and population. Whenever they do not use all of this tax revenue, the excess has to be returned to taxpayers. These stipulations included state and local school districts until the passage of Proposition 98 in 1988.

Proposition 98 is a complex amendment that raises several important school finance questions. These questions will prompt much discussion and debate. The debate is critically important since it will determine the definitions, baseline data for future calculations, and the general guidelines for interpreting Proposition 98.[11] A full discussion of the proposition is not necessary to understand the major thrust of the amendment. Four primary issues were targeted:

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[10] "School (elementary and secondary) districts", as well as "K-12 education/system" includes adult schools. Community college includes both credit and noncredit instruction.

[11] *EdSource: Information on Education Issues*, Volume XII, February 1989, pages 1-4.

(1) Minimum School Funding Level
(2) Revenues Above the Gann Limit
(3) Accountability--Annual Report Cards from School Districts
(4) "Prudent" State Budget Reserve

This discussion focuses upon the first issue, "minimum school funding level." Proposition 98 set a minimum funding level for elementary and secondary schools and community colleges. Beginning in 1988-89, education was guaranteed to receive, each year, at least the greater of:

- the same percentage of the state's General Fund appropriated in 1986-87, *or*
- the same amount of revenue from state taxes and local property taxes for the prior year adjusted for enrollment and inflation.

Proposition 98 gives no direction about how to distribute the guaranteed minimum income. Basically, it addresses *how* the state must calculate the total dollars allocated to education. It is silent as to how funds are administered, it says what districts are to get, not how districts are to distribute funds.

The passage of Proposition 98 demonstrated the commitment Californians have toward education. It can be argued that Proposition 98 was the citizens' clarification on Proposition 13 (passed in 1978 and discussed previously in this report). Many have stated that Proposition 13 was a mandate by the people to cut the excess out of government, not to cut essentials from education (*e.g.* enrollment growth, revenue growth, or expansion of educational services). Proposition 98 clearly mandates, for the first time in any state, over one third of the General Fund expenditures be allocated for education. This mandate, coupled with the constitutional entitlement of 1910,[12] certainly indicates the consistent conviction of Californians to make public education a top priority.

Analysis of Current Funding System

This section presents a discussion of the effects the current funding system has upon adult schools. Three topics are addressed. The first two topics, "Unfunded Areas" and "Enrollment CAP and Revenue Limits," discuss the direct effects these procedures can have upon adult schools and their ability to serve the number of adults needing instruction. The

[12] Article 9, Section 5 and 6; mandates that public education receive first draw on the General Fund.

third topic, "Effects of Growth and Fiscal Limitations," discusses the indirect and long term effects the funding structure can have upon the quality of education.

UNFUNDED AREAS

Proposition 13 triggered decisions based solely upon the restraints of allocating scarce resources. One such decision denied state funding to districts without adult schools prior to 1979.

The severe budget cuts produced by the passage of Proposition 13 triggered decisions based solely upon the restraints of allocating scarce resources. One such decision denied state funding to districts without adult schools prior to 1979. When reconsidered today, in light of population shifts, increases in immigration, high school dropout rates, older adult population, and the change from a manufacturing to a service based society, the rationale to hang-on to this criterion of state support for adult education is questionable. Although there have been legislative attempts to rectify this situation, to date, none has received the support necessary to be passed into law.

It is difficult to assess the true effects that the lack of available services has had upon potential adult students. For example, of the 48 counties that contain unfunded school districts, only three counties (Alpine, Mariposa, and Sierra counties), comprised of three school districts and 18,600 people over 18 years of age[13], are *completely* unserved by either adult schools or community college noncredit programs (**See Exhibit 3**). It could be argued that fully funding these three counties would result in no unfunded counties for adult education in California. However, this argument ignores the possibility that adult education is not genuinely provided within those 48 counties that have districts unfunded for adult schools.

Although there are seventeen counties completely unserved by adult schools, there are noncredit programs available in fourteen of those counties through the community colleges (**See Exhibit 3**). Again, the real question is how well are the adults within these areas provided for by the available services. For example, Colusa county, with an adult population of 11,252, has no adult schools but is provided noncredit instruction through Yuba Community College District. The Yuba Community College District serves *eight* other counties and its total noncredit ADA for 1988-89 was 224. With such a large number of counties to cover, coupled with an extremely low ADA level, it is difficult to argue that Colusa county is truly meeting the need for adult instruction in this region. The same observation can be made for Del Norte, Inyo, Lake, Plumas, Siskiyou and Sutter counties, whose combined adult population is 152,198. All of these counties are without adult schools, served by community college noncredit programs

[13] Source: *Population Projections for California Counties 1980-2020*, California State Department of Finance.

serving multiple counties; and each community college district provides less than 300 ADA (**See Exhibit 3**).

It is imperative to remember that community college districts do not coincide with county lines; rather they frequently embody multiple counties. This means that noncredit ADA is earned by a community college *district*, not districts within a county, as in the case with adult schools. For example, the 226 noncredit ADA earned by College of the Redwoods, in Del Norte county, is also included in Humbolt, Mendocino, and Trinity counties noncredit ADA (**See Exhibit 3**). This is important to note, because the total noncredit ADA earned within a county is most likely overstated. This point only serves to reinforce the point that truly determining the extent of unserved and underserved adults in unfunded areas is extremely difficult. However, it is safe to assume that expanded educational opportunities are needed in the unfunded areas.

Available data leaves little doubt that a sufficient number of Californians are without adequate adult education opportunities.

Through previous delineation of function agreements, there are some areas that appear to be relatively well served. For example, San Francisco has no adult schools, but the community college district serves only San Francisco county and earns 16,236 noncredit ADA for an adult population of 563,392. Orange county earns 22,587 adult ADA for an adult population of 839,955 and only shares two of its community college districts with other counties. Los Angeles county earns almost 125,000 ADA among the 52 adult school districts and community college districts that serve its 6 million people over 18 years of age. Although simple calculations would indicate that Los Angeles county is fairly well covered, there are 11 school districts that do not have adult schools. Determining where these districts are located, the types of services needed, and the number and types of services provided, is the only way to determine if Los Angeles county is adequately served by adult education.

Exhibit 3
COUNTIES WITH SCHOOL DISTRICTS UNFUNDED FOR ADULT SCHOOLS, 1988-89

County	Adult Pop.	Total Adult ADA	School District Served	School District Unserved	School District ADA	Community Colleges Districts	Community Colleges (Cnty)	Community Colleges ADA
Alameda	951,305	13,666	16	1	12,884	2	(1)	782
Alpine	*1,044*	*None*	*0*	*1*	*0*	*0*	-	*0*
Butte	140,395	1,718	2	4	414	2	(8)	1,304
Colusa	*11,252*	*224*	*0*	*4*	*0*	*1*	*(8)*	*224*
Del Norte	*14,477*	*226*	*0*	*1*	*0*	*1*	*(4)*	*226*
El Dorado	93,145	264	2	1	142	2	(6)	122
Fresno	429,839	7,895	12	7	6,243	4	(7)	1,652
Glenn	17,727	1,304	0	5	0	2	(8)	1,304
Humboldt	88,635	1,742	2	4	981	2	(7)	761
Imperial	78,572	1,153	4	3	496	1	(3)	657
Inyo	*14,201*	*233*	*0*	*5*	*0*	*1*	*(4)*	*233*
Kern	374,992	3,657	6	5	3,329	3	(5)	328
Kings	68,715	1,172	2	2	644	3	(7)	528
Lake	*44,939*	*276*	*0*	*5*	*0*	*2*	*(9)*	*276*
Lassen	*20,272*	*451*	*0*	*4*	*0*	*2*	*(6)*	*451*
Los Angeles	6,072,193	124,503	38	11	102,655	14	(4)	21,848
Marin	189,846	3,738	2	2	482	2	(3)	3,256
Mariposa	*8,519*	*None*	*0*	*1*	*0*	*0*	-	*0*
Mendocino	58,381	2,924	1	8	570	3	(7)	2,354
Merced	115,786	2,796	3	3	843	3	(8)	1,953
Modoc	*6,161*	*451*	*0*	*3*	*0*	*2*	*(7)*	*451*
Napa	85,227	1,090	2	1	617	1	(2)	473
Orange	839,955	21,587	8	7	6,896	4	(2)	14,691
Placer	118,982	1,611	4	1	1,265	3	(10)	346
Plumas	*12,661*	*6*	*0*	*1*	*0*	*1*	*(1)*	*6*
Riverside	732,647	4,338	13	3	3,484	4	(3)	854
Sacramento	736,206	8,986	5	3	8,394	3	(9)	592
San Bernadino	902,719	7,069	10	12	4,718	5	(4)	2,351
San Diego	1,802,711	26,992	9	7	9,832	5	(1)	17,160
San Francisco	*563,392*	*16,236*	*0*	*1*	*0*	*1*	*(1)*	*16,236*
San Joaquin	333,578	3,896	5	3	2,642	2	(8)	1,254
San Luis Obispo	179,953	2,293	4	3	865	1	(3)	1,428
San Mateo	495,809	4,168	5	1	4,168	0	-	0
Santa Barbara	278,332	4,207	2	4	319	2	(3)	3,888
Santa Cruz	180,172	2,249	2	1	1,733	2	(4)	516
Shasta	*83,110*	*542*	*0*	*3*	*0*	*2*	*(7)*	*542*
Sierra	*2,323*	*None*	*0*	*1*	*0*	*0*	-	*0*
Siskiyou	*28,877*	*112*	*0*	*5*	*0*	*1*	*(2)*	*107*
Solano	401,655	2,781	4	2	2,169	3	(8)	612
Sonoma	281,874	3,688	7	1	1,139	2	(4)	2,549
Stanislaus	241,977	1,362	4	4	578	1	(6)	784
Sutter	*37,043*	*224*	*0*	*4*	*0*	*1*	*(8)*	*224*
Tehama	*28,136*	*435*	*0*	*3*	*0*	*1*	*(6)*	*435*
Trinity	*8,513*	*761*	*0*	*3*	*0*	*2*	*(7)*	*761*
Tulare	421,401	4,039	6	4	3,323	3	(9)	716
Ventura	481,963	7,959	8	1	6,460	2	(4)	1,499
Yolo	102,088	925	3	2	559	3	(11)	366
Yuba	40,957	693	1	1	469	1	(8)	224

Italics: Districts without adult schools
Adult Population: Over 18 years of age (1990 estimate)
Total ADA: Total noncredit and adult school ADA in county
School District: Unified and High School Districts
Served: Number of districts in county funded for Adult Schools
Unserved: Number of districts in county unfunded for Adult Schools
CC Districts: Number of districts with Noncredit programs
(County): Number of counties served by Community College Districts
SOURCE: State Department Of Education Form J-19 Supplement and Community Colleges ADA, Resident Annual Report 1988-89.

Caution should be taken in looking only at these "numbers" to determine the needs of unfunded areas. The demographic trends, the geographical area providers are expected to cover, the multi-county coverage of noncredit programs, and the small ADA levels for large numbers of people, are only a few factors that must be considered in assessing the unmet needs in these areas. However, available data leaves little doubt that a sufficient number of Californians are without adequate adult education opportunities.

ENROLLMENT CAP AND REVENUE LIMITS

The current growth adjustment for the CAP is an arbitrary percentage that ignores the unique demographic patterns of local communities. Some areas may grow at a faster pace, while others may have declining populations. Some areas may have higher rates of immigrants, or older adults, or high school dropouts; the current growth rate does not consider these factors. Growth adjustments are applied in a universal manner, rather than by procedures that reflect real needs.

CAP Limits Do Not Reflect Need

Currently 61 percent of the funded districts (140 districts) are over their CAP; 23 percent (52 districts) are equal to their CAP; and 16 percent (37 districts) are under their CAP.

Law mandates that the base year enrollment CAP increase by 2.5 percent each year. This means that 2.5 percent *should* have been added to the growth multiplier each year since 1982-83. The fixed growth increase of 2.5 percent has not been received for the past three years[14]. The 1989-90 ADA CAP "multiplier" is almost 8 percent below what it would be had the mandated growth adjustments been granted each year. Adult schools continue to lose ground each year (**See Exhibit 4**). Despite these growth restrictions, adult schools have had to absorb some growth in order to, at least minimally, meet local demand.

For the past five years, at least 60 percent of the funded school districts have served local adult education needs that exceed their CAP. Currently 61 percent of the funded districts (140 districts) are over their CAP; 23 percent (52 districts) are equal to their CAP; and 16 percent (37 districts) are under their CAP (**See Exhibit 5**). The percentage changes in the number of districts under, equal to, or over CAP, in the past five years, are worthy of note. There was a 3.5 percent decrease in the number of districts over CAP between 1984 and 1989 (**See Exhibit 5**). However, there was a 400 percent *increase* in the number of districts equal to CAP and a 50 percent *decrease* in the number of districts under CAP. These data indicate that those districts over CAP have remained relatively constant; while those districts under CAP have been increasing their

[14] Budget decisions superseded the 2.5% CAP increase.

ADA enrollment level to become equal to their CAPs. The trend of ADA levels has been toward equalization (serving to ADA CAP). This trend suggests increasing demand for adult education.

Exhibit 4
ACTUAL VERSUS MANDATED ADA GROWTH 1982 TO 1990

Year	Legislated Growth Increase (%)	Estimated Legislated Total CAP	Actual Growth Increase (%)	Total Actual CAP	Difference in Growth Rate (%)
1982-83	0.00	156,665	0.00	156,665	0.00
1983-84	2.50	160,582	2.50	160,582	0.00
1984-85	5.00	164,524	5.00	164,524	0.00
1985-86	7.50	168,442	7.60	168,598	+0.10
1986-87	10.00	172,359	9.74	171,952	-0.26
1987-88	12.50	176,276	9.74	171,952	-2.76
1988-89	15.00	180,194	9.74	171,952	-5.26
1989-90	17.50	184,081	9.74	171,952	-7.76

NOTE: Actual ADA CAP does not include supplemental ESL, IRCA, or GAIN funds.
SOURCE: State Department of Education Form S(A) 1982-83 to 1988-89; Department of Industrial Relations, Division of Labor Standards Research

It should not be assumed that districts whose actual ADA equals their ADA CAP are necessarily satisfying the needs within their communities.

A closer look at the data reveals that districts over CAP are now carrying higher levels of unfunded ADA. For example, there was a 3.5 percent decrease in districts over CAP between 1984-85 and 1988-89. Nevertheless, those districts more than 25 ADA over CAP grew by 43.5 percent, while those districts 1 to 24 ADA over CAP decreased by 39.5 percent (**See Exhibit 6**). Further, districts funding greater than 100 ADA over CAP have grown by 83 percent (**See Exhibit 6**). These data lend support to the notion that adult schools are contending with unmet growing demand for services.

It should not be assumed that districts whose actual ADA equals their ADA CAP are necessarily satisfying the needs within their communities. It is certainly possible that these districts enroll students only up to the number for which they will be reimbursed by the state, that is, serving to CAP.

Inadequate Revenue Limit

Those 140 districts over CAP must search for other monies, or cut overhead, in order to meet their budgets. When discussed in terms of dollar amounts, the task of these administrators to finance their adult programs is formidable. For example, 39 districts are between 101 and 900 ADA over

CAP; these districts must fund between $138,370 and $1,233,000[15] beyond what the state provides for the authorized areas of instruction.

Exhibit 5

"ACTUAL" ADA AND ADA CAP CHANGES, 1984-85 TO 1988-89

	1984-85 Districts Count	%	1988-89 Districts Count	%	Percent Change
Actual ADA under CAP	73	32	37	16	-50
Actual ADA equal to CAP	10	4	53	23	+400
Actual ADA over CAP	145	64	140	61	-3.5
Total	228	100	229	100	

SOURCE: State Department of Education Form S(A) 1984-85 and 1988-89.

Exhibit 6

CHANGES IN THE MATCH BETWEEN "ACTUAL" ADA AND ADA CAP

	1984-85 Districts Count	%	1988-89 Districts Count	%	Percent Change
ADA 500+ over CAP	3	1.3	6	2.6	+100
ADA 150 to 499 over CAP	10	4.4	21	9.0	+100
ADA 100 to 149 over CAP	10	4.4	15	6.5	+50
ADA 50 to 99 over CAP	23	10.0	23	10.0	0
ADA 25 to 49 over CAP	16	7.4	24	10.4	+50
ADA 1 to 24 over CAP	83	36.0	51	22.0	-39
ADA equal to CAP	10	4.4	53	23.0	+400
ADA 1 to 24 under CAP	51	22.0	21	9.0	-59
ADA 25 to 49 under CAP	7	3.0	10	4.4	-43
ADA 50 to 99 under CAP	9	4.0	3	1.3	-67
ADA 100+ under CAP	6	2.6	3	1.3	-50

NOTE: 162 unfunded districts not included.
SOURCE: State Department of Education Form S(A) 1984-85 and 1988-89.

Several metropolitan districts are more than 1000 ADA over CAP in the 10 authorized areas. It is estimated that these districts must finance between $1.7 and $4.0 million for services they are not reimbursed for through the mandated ADA levels. However, there are some sources of financial relief. For example, many school districts apply for and receive supplemental ESL, IRCA and GAIN funds that signifi-

[15] The "average" state revenue was multiplied by the excess CAP to determine the dollar amount needed. Some of these districts have revenue limits above the "average" revenue limit, making these dollar amounts a approximate range. This dollar amount does not include "non-authorized areas" that can either bring in or deplete district monies.

cantly increase the dollars they receive from the state. Also, some districts have concurrent enrollment programs that generate additional K-12 state revenue to their adult programs.

Revenue Limits Do Not Match Inflation

Each district's fundable ADA level is determined by multiplying its "actual" or "allowable" level of ADA (whichever is less) by the current "revenue limit." Current law further adds an annual COLA to the revenue limit. Although the COLA for adult schools has actually exceeded the California Inflation Index since 1983, the ground lost between 1978 and 1982 has resulted in a perpetual losing battle for adult schools (**See Exhibit 7**). The difference between the actual revenue limit and the revenue limit adjusted for inflation is $552 per unit of ADA. The actual revenue limit has never escaped the long-term effects of inflation.

The 1988-89 statewide average revenue limit was $1,370. If the average statewide inflation rate had been consistently applied to the revenue limit, the 1988-89 revenue limit would have been $1,813, that is $443 more per ADA. For example, a district that earned 300 ADA in 1988-89 would have received $411,000; if the revenue limit had been based upon actual inflation rates, they would have received $543,900 ($132,900 more).

There are obvious gaps between what adult school districts have been granted in law and what they have been given in reality. Additional revenue would have been allocated to adult school districts had actual inflation rates and mandated growth adjustments been granted. The following section discusses the effect on educational outcomes when resources for education are inadequate.

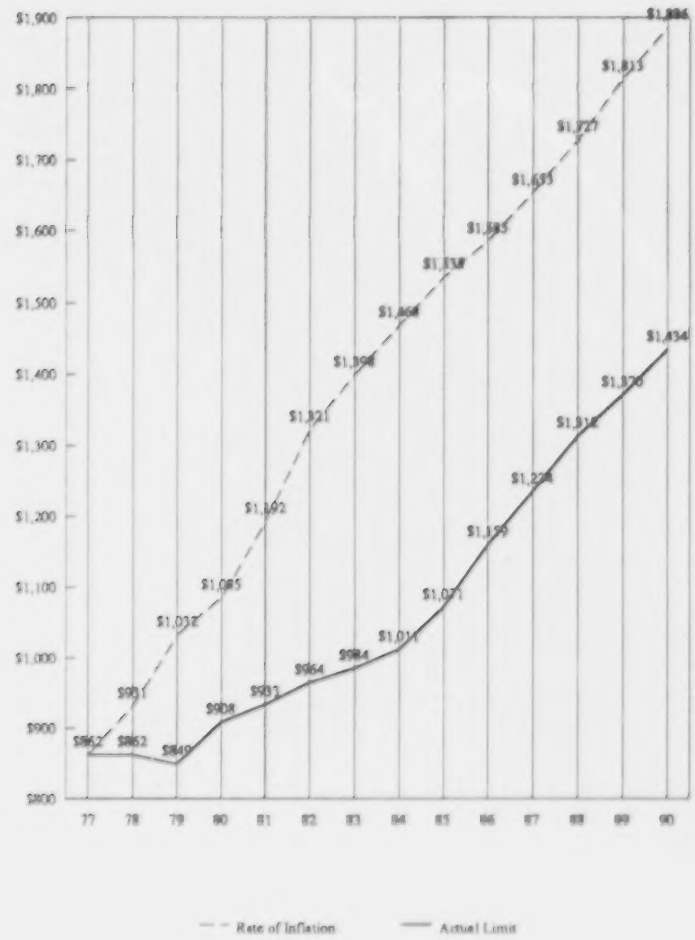
EFFECTS OF GROWTH AND FISCAL LIMITATIONS

The flexibility that has historically been the strength of adult schools has been greatly subdued by the growth limitations imposed by fiscal restraints.

The flexibility that has historically been the strength of adult schools has been greatly subdued by the growth limitations imposed by fiscal restraints. The restraints have not only reduced flexibility and responsiveness, they have also been the driving force behind educational decisions. Economic restraints do not simply limit adult schools's ability to provide more classes; they affect the whole structure. Usually, strategy is determined, and then structure is designed to reinforce the strategy[16]. Here, strategy follows structure. This unique approach results in strategic decisions being based upon structure *before* educational mission or objectives. This method has had an effect upon adult educators' decision making tactics.

[16] Miles, RE and CC Snow, *Organizational Strategy, Structure and Process*, McGraw-Hill, New York 1978.

Exhibit 7
ACTUAL REVENUE LIMIT INCREASES COMPARED TO CALIFORNIA INFLATION RATE



NOTE: 1990 inflation is an estimate from the Department of Industrial Relations.

SOURCES: Fred Best, "Review of Training, Delivery and Funding Systems for GAIN Evaluation," September 1986, page 5; Department of Industrial Relations, Division of Labor Standards Research.

The effects financing has had upon the quality of adult school education warrants several general remarks. First, quality not only varies from program to program; but because no standardized performance measures currently exist, "quality" itself is subjectively defined within adult schools. Second, adult schools have not necessarily responded to funding or program definition changes universally. Therefore,

generalizations must be cautiously exercised. Third, the increase or decrease in the enrollment of authorized areas of instruction can be caused by a combination of factors, aside from, or inclusive of, funding decisions.

Essentially, decision-making that is so intertwined with fiscal restraints has necessitated trade-offs in adult schools that can affect the quality of the overall adult program. For example, some adult schools have found it financially difficult to keep pace with commonplace educational or workplace technologies. Consequently, students may be less likely to gain exposure to the machines they will be expected to use in the work-force, or software that would maximize their learning experience. These technologies require an initial capital investment that some adult schools are unable to commit.

NEEDED HIGH COST PROGRAMS ARE DISAPPEARING

Another example of quality trade-offs is between high-cost and low-cost programs. Clearly, low cost is *not* synonymous with low quality; nor is high cost synonymous with high quality. However, the balance of an adult school program can be affected by the lack of higher cost classes, which in turn can influence quality. For example, both Vocational classes and classes for the Substantially Handicapped require initial capital investments. To make them cost effective, they must be maintained for several years. The equipment needed, the training of teachers, the ability to pay teachers competitively, and the space required for such classes makes them quite expensive to develop and maintain with current levels of funding. As such, the ADA generated by classes for the substantially handicapped barely grew at 1 percent each year between 1985 and 1988, and then dropped by 3 percent in 1989.[17] Vocational program ADA had a 28 percent drop between 1985 and 1986 and has continued to decline at an increasing rate in subsequent years. This drop in vocational programs runs counter to employment needs. The 1980's has been a time of historic job displacement. Business onsite training has been increasing, and the need for vocational training and retraining is expected to grow.

On the other hand, classes that have lower equipment requirements, and minimal overhead, are less expensive to maintain and, further, are easier to add students to without increasing the "financial" cost of providing the class. Faced with economic choices, a district may find itself more inclined to provide the service that is less costly and has a greater chance of being maintained financially. For example, Older

[17] Source: State Department of Education form J-19 Supplement 1984-85 to 1988-89

Adult, Citizenship and ESL classes do not require intensive capital outlay; as such they are less costly than other programs. These classes have grown significantly in the past five years. Although the IRCA legislation influenced growth levels, particularly in 1989, these areas have had consistently higher growth than the higher cost programs (Vocational or Substantially Handicapped programs) since 1984-85. Courses of moderate cost have remained relatively stable over the past five years (**See Exhibit 8**).

There are also decisions that may be motivated by the supplemental ESL funds and IRCA monies available. There have been almost exact trade-offs between high cost programs (Vocational and Substantially Handicapped) and lower cost programs (ESL and Citizenship). Higher cost programs decreased by 13 percent, while lower cost programs increased by 12 percent.[18] A deeper factor may be that when only so much ADA is going to be funded, and certain programs are lower cost *and* eligible for supplemental funding, then the proportion of those programs may increase. ESL and Citizenship comprised 33 percent of total ADA in 1985 and 46 percent in 1989. Conversely, Vocational and Substantially Handicapped comprised 37 percent of total ADA in 1985 and 25 percent in 1989. This is certainly not to suggest that the enrollment levels for ESL or Citizenship classes are inflated or extraneous. Rather, the point is that when programs compete for scarce resources, administrators are often compelled to forgo the more expensive programs.

PROGRAM QUALITY IS JEOPARDIZED

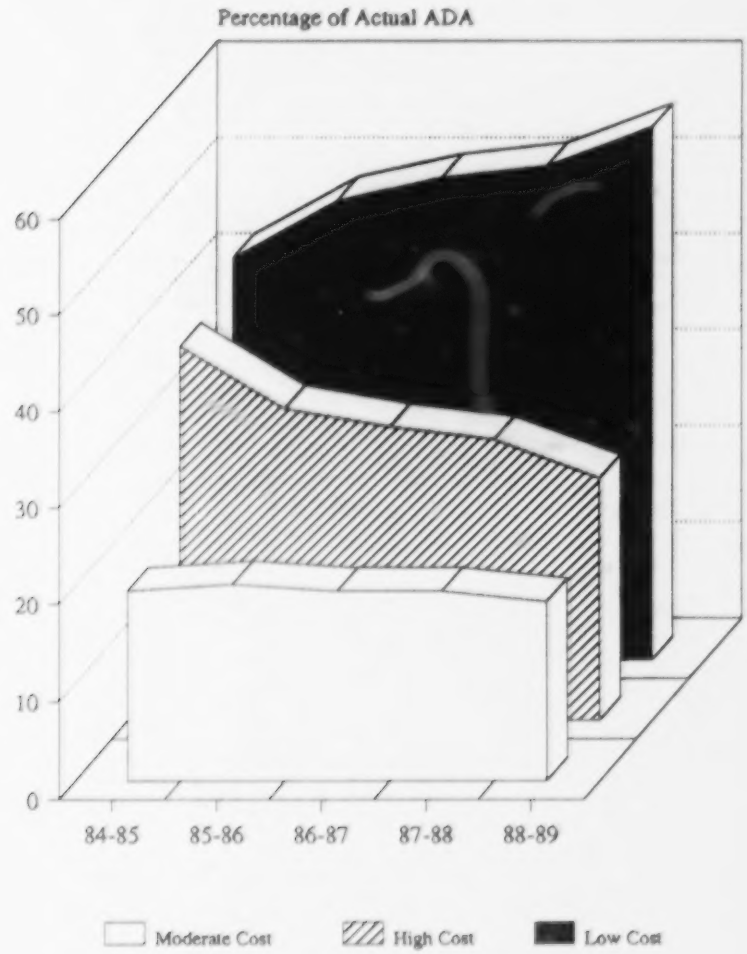
Funding limitations have also affected the ability of adult administrators to provide appropriate facilities for adult learners.

Quality also may be affected when class size increases, particularly in ESL where the quality of instruction is likely to suffer. Estimates are that large ESL classes range from 50 to 70 students. It is difficult to argue that quality does not suffer when class sizes become cumbersome, and a teacher's time is divided between too many students, especially when one-to-one instruction may be necessary.

Funding limitations have also affected the ability of adult administrators to provide appropriate facilities for adult learners. Often classes are conducted in buildings that were designed for other purposes but available to adult schools. Adult classrooms are frequently the first ones sacrificed when extra space is needed for other K-12 programs. Without sufficient funds to establish their own facilities, adult schools are at the mercy of other facility priorities within the district.

[18] *Ibid.*

Exhibit 8
GROWTH OF PROGRAM PARTICIPATION BY COST OF PROGRAMS[19]



NOTE: ***High Cost Programs*** - Substantially Handicapped and Vocational; ***Moderate Cost Programs*** - Elementary Basic Skills, High School Basic Skills, Parenting, Home Economics, and Health and Safety; ***Low Cost Programs*** - ESL, Citizenship and Older Adults.
SOURCE: "Final Report of Adult Education Average Daily Attendance," Addendum to form J-19(A), 1984-85 to 1988-89.

[19] The assignment of instructional areas into high, moderate or low cost categories is somewhat arbitrary. Any one of the low cost subjects could be designed by a district to be a higher cost program. However, this breakdown presents a general sense of program costs.

Another issue that can influence quality is the difficulty in recruiting and retaining teachers. Many teachers in adult schools are hired on a part-time basis because districts cannot afford to provide the benefits of full-time status.[20] Part-time work and piecemeal substituting can make recruitment difficult because it does not reflect the professionalism or the financial security educators are looking for in a career. Testimony at public hearings included examples of teachers having to hold two to three "part-time" jobs to make ends meet. They could move into other areas of education where teachers are treated more as professionals but chose to stay in adult education because of their dedication and desire to serve adults.[21] Without providing some level of security and professional growth, recruitment and retainment[22] will remain a formidable task.[23]

Adult schools do not operate in a vacuum. In order to design sound funding mechanisms, it is important to look beyond immediate needs and familiar structures.

In an attempt to maximize spending power, adult educators have had a long history of balancing educational needs and economic restrictions. As with any budget driven organization faced with such decisions, adult schools have had to sacrifice some level of quality to meet the budget. Although this may be fiscally prudent, economic choices have a social cost; first in the quality of education provided, and second in the education not provided to the unknown number of students turned away due to unavailable classes.

Developments and Considerations

Adult schools do not operate in a vacuum. In order to design sound funding mechanisms, it is important to look beyond immediate needs and familiar structures. This is particularly vital in adult education because changes in the funding structure will require the passage of new laws. This process is not quick or easy; therefore, it is prudent to consider developments that may alter the needs of adult education in the near future. As California moves into the 21st century, adult education's role may not only expand but also change form. New instructional methods may require changes in current funding definitions and structures. Society will continue to be faced with difficult choices among social issues. These choices may require adult schools to provide "proof" that their system really works before financial support is increased. Further, the need for trained workers will grow. Adult schools

[20] This is not to imply that all teachers desire full-time status; some may prefer the benefits of part-time work.

[21] Michael Roddy, San Francisco Public Hearing: Federal Four Year Plan for Adult Education, March 31, 1989.

[22] The turnover rate for adult school teachers is estimated at 30 percent.

[23] This issue will be fully discussed in the Option Papers on: Recommendation 9, "Program and Staff Development Support," and Recommendation 10, "Teacher Certification Appropriate to Adult Education."

could play an enormous role in this training and retraining through a partnership with business.

NEW INSTRUCTIONAL METHODS

The funding structure of adult schools revolves around "seat" time. This criterion prohibits the use of any teaching method that is not easily converted into student-teacher contact hours. Any method that cannot be measured in terms of "time" spent in front of a teacher is not "fundable" ADA. The concept of the funding structure being based upon average-daily attendance has become too restrictive.

Adult schools are not allowed to be reimbursed for use of distance learning techniques.[24] These methods are well accepted, and funded in almost all other educational systems. There are both educational and economic benefits to integrating learning technologies into adult schools. Learners in remote areas, or unfunded districts in particular, could benefit from this type of access to education. It may be shortsighted to consider funding policies that do not seriously explore the options of non-ADA funding. The Option Paper on Recommendation 2, **Funding for Innovation and Performance**, will discuss this topic further.

PERFORMANCE MEASURES

Thus far, this report has focused upon funding in terms of the number of hours spent in the classroom; the issue of what is actually learned in those hours has not been addressed. Adult schools are funded by the quantity of time, not the quality of time, spent in the classroom. More and more citizens are hesitant to support social programs without some indication that the program truly makes a difference. This point was emphasized by voters with the passage of Proposition 98. Among other things, voters mandated annual report cards from school districts. Community resources are divided among many pressing social issues (*e.g.* crime prevention, high school dropout rate, drug programs, AIDS education, elder care, pollution control, health insurance, homeless shelters, literacy programs, etc.), all vying for taxpayer support. The funding options in this report will require significant amounts of state monies and public support. Adult education, as all education, may need to "prove" the impact it has upon improving the social condition before citizens will lend financial support.

[24] Computer aided instruction, modems, TV courses, etc., are not funded in adult schools.

The option paper on Recommendation 7, **Quality Standards and Performance Measures,** will fully discuss this issue. However, it is advisable for adult educators to keep in mind that in asking for more financial support the public has the right to ask for proof that their money is being wisely and effectively spent.

BUSINESS INVOLVEMENT

Employers have always found it necessary to provide employees with some degree of on-the-job-training. Yet today, the extent and nature of business sponsored adult education seems to have changed. Business cannot find enough trained workers to fill positions, and as a result have increasingly opted to educate employees inhouse. Currently, at least 400 businesses have onsite education centers, offering 2,250 courses.[25] Further, it has been estimated that business has spent $300 billion per year in the training and development of employees.[26] Some claim that employee training by employers is the largest delivery system for adult education. The need for business to enter the education arena on such a scale indicates the need for more and better education for adults.

Technology is the driving force to establish a competitive advantage. Basic reading, writing and computation skills are necessary conditions to problem solve, utilize new technologies and to expand technically. There is a lack of basic skills in the workforce, as well as limited availability of vocational training and retraining in adult education. Acknowledging the gap between the number of skilled workers available and the number of jobs to be filled, many businesses have opted to take on the role of educator--to train their own supply of workers. Further, the anticipation of the knowledge gap becoming wider will surely prompt many more firms to allocate resources to training. Clearly, the decline in vocational programs decreases the adult school's ability to train and retrain adults. Unfortunately, that will not prevent business from requiring these services.

Some adult schools have designed vocational programs in conjunction with local businesses to meet the needs of students, business and adult schools. Adult schools and business seem to be a natural partnership; these types of arrangements must be encouraged and promoted by both parties. The option paper on Recommendation 2, **Funding for Innovation and Performance,** will further discuss this issue.

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25 "Facts About Human Resource Development," **Serving the New Corporation**, *circa* 1986, pages 2-3.

26 "Training Program Evaluation is Topic for Teleconference this Month," **Online with Adult and Continuing Education**, October 1989, page 1.

OTHER CONSIDERATIONS

Many feel levels of ADA below 100 simply do not produce the monies needed to maintain an adult school that truly meets demands.[27] An ADA of 200 is felt to be the minimum level necessary to maintain an adequate adult school. Others contend that large differences in program size do not constitute inequities. Small programs may be appropriately small because they serve a small population area.[28]

Although the 1988-89 Adult Education Advisory Committee did not specifically address this issue, it is of significant importance to render consideration. Any policy option chosen for funding must assess the impact upon small adult schools.

Key Findings

The preceding review points to several key findings within the adult school system:

- **Adult Schools Have Been Responsive and Flexible.** Adult schools have historically attempted to respond to both legislative and local community shifts. In recent years, the ability of adult schools to provide for local needs has been subdued by fiscal restraints.

- **Revenue Reimbursement Has Not Kept Pace with Costs.** Even though revenue limit COLAs have been close to inflation rates in recent years, adult schools lost significant ground in the late 70's and early 80's. As a result the level of state reimbursement has consistently lagged behind real costs.

- **Growth Restrictions Limit Educational Opportunities.** The repercussion of state mandated growth has been the inability of adult schools to meet local demand for services. The mandated CAP placed upon the amount of "fundable" ADA has not kept pace with the demand, leaving unknown numbers of adults unserved.

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[27] *Sunset Review Report on Adult Education in California*, California State Department of Education 1987, pages 66-67.

[28] *Adult Education in California Public Schools: A Sunset Review*, Office of Legislative Analyst, August 1988, page 16.

- **Financial Restraints Have Affected Quality.** Adult educators are often budget driven in their program decisions. They are frequently in a position of choosing the *thrifty* decision, rather than the most beneficial educational decision. This type of decision-making has triggered trade-offs that have affected the quality of adult school programs.

- **Mandate of Proposition 98.** The full effect of Proposition 98 on adult school funding remains unknown. However, its intent appears very clear. Education is guaranteed a minimum funding level *and* providers must be accountable to voters for the money spent and programs offered.

- **Other Considerations.** The need to incorporate new instructional methods may require fundamental changes in the adult school funding structure. The lack of trained/skilled workers, coupled with decreasing vocational training classes has increased business developed onsite training for workers.

These findings indicate a pressing need to reassess adult school funding to meet both the need for instruction and reduce harmful distortions in program planning.

Chapter 3

Funding Options to Consider

Designing and implementing a funding policy for adult schools requires examination of several interrelated factors. It is important to evaluate each option against a common evaluation criteria.

Selection of the most viable funding options requires close examination of how components of adult education would be impacted if the option were implemented. Options must be weighed in terms of how well they resolve funding problems, and how they impact constituents. This chapter discusses the issues and options, the criterion for evaluating options, and then discusses the pros and cons of each option.

Issues and Options

The foregoing discussion points to four issues crucial to the adequacy of adult school funding:

(1) Creating New Adult Schools
(2) Reasonable Enrollment Growth
(3) Adequate Revenue Limits
(4) Reliable Base Year Adjustments

There has been little opposition to counter the claim that adult schools are underfunded, or that the four issues cited here are not at the crux of the problem. Differences arise in terms of the degree of the problem, and the most expeditious solutions to endorse. The purpose of this section is to present options for each of the four issues in order to stimulate discussion (**See Exhibit 9**).

Exhibit 9
POLICY OPTIONS FOR FUNDING

(1) **OPTIONS FOR UNFUNDED AREAS**
- **1A Fully fund all unfunded school districts**
- **1B Fund all unfunded districts by areas of highest priority (e.g. ABE, ESL Citizenship).**

(2) **OPTIONS TO RAISE THE ENROLLMENT CAP**
- **2A Complete elimination of the CAP**
- **2B Eliminate ABE, Citizenship and ESL ADA CAP**
- **2C Raise CAP to 1988-89 "actual" ADA level**
- **2D Raise CAP to reflect legislated growth adjustments**

(3) **OPTIONS TO RAISE BASE REVENUE LIMIT**
- **3A Raise revenue limit to reflect inflation rate**
- **3B Raise to two-thirds of K-12 revenue limit**
- **3C Average adult and concurrent revenue limit**
- **3D Raise to community college noncredit revenue limit**

(4) **OPTIONS TO ADJUST CAP AND REVENUE LIMIT**
- **4A Adjust ADA CAP by district demographic changes**
- **4B Adjust ADA CAP by legislated 2.5 percent**
- **4C Adjust CAP in relation to K-12 growth**
- **4D Adjust revenue limit by California inflation rate**
- **4E Adjust revenue limit by legislated 6 percent COLA**

"Startup" funds are included to attain the staff, equipment and advertising needed to enroll enough students to generate an ADA level sufficient to finance an adequate adult school program.

For clarity, options for each issue are presented in isolation of other issues. Options are examined as if all other things are held equal, except where other factors directly affect the option presented.

OPTIONS FOR UNFUNDED AREAS

The two options presented here address the first issue, which is to provide equal access to adult education in all school districts.

Fully Fund All Districts

All 162 unfunded school districts would be funded in all ten authorized areas. After two years of operation, the second year's "actual" ADA level would be used to determine growth adjustments for subsequent years. In other words, the second year becomes the base year for the ADA CAP. The base revenue limit would be the "state average".[1] "Startup" funds are included to attain the staff, equipment and advertising needed to enroll enough students to generate an ADA level sufficient to finance an adequate adult school program.[2]

[1] The state average revenue limit is the minimum level currently used by adult schools.

[2] Districts would need to advertise, probably through mass mailings, the classes available. These types of activities would require "startup" funds.

Option 1A
FUND ALL 162 UNFUNDED DISTRICTS

Full and equal funding for adult education should be extended to all school districts. This should include:

- Funding all ten authorized areas of instruction.
- Use of the statewide average as the revenue limit.
- Use of the second year of operation as the ADA CAP base year.
- Provide initial funds to "start up" adult schools.

Several papers[3] have recommended that all unfunded districts be fully funded. The argument is that there is no rational basis for the current prohibition and the policy should be abandoned. This option addresses that recommendation.

The second year of operation is proposed as a reasonable time to establish baseline data. A problem may arise with districts currently funded. It is possible that *new* districts may surpass the "allowable" ADA levels of established adult schools with similar demand. For example, districts that had low enrollment rates prior to 1978 (the base year) have been locked into inadequate growth adjustments for years. Allowing new adult schools to grow at a natural pace for the first two years may exacerbate the inequities currently felt.

Another issue of concern is the need for "startup" funds from the state. Local communities would need money to hire teachers; secure, renovate and furnish facilities; advertise classes; and hire administrative staff. Further, these districts would need cash, or some type of credit line, while waiting for state ADA reimbursement.

Without "startup" funds, a new school may have financial difficulty enrolling the numbers needed to generate an ADA level high enough to finance an adequate adult school.[4] Startup costs would be variable, depending upon local economic factors. This notion, that cost-of-living structures vary throughout the state, is often ignored in education issues (*e.g.* CAP growth adjustments, COLA, etc.). Universally applied state mandated "startup" funds may be expedient, but not necessarily effective. Local differences in cost-of-living need to be considered to prevent the creation of long-term financial problems.

Fully funding all districts carries a significant cost. The Legislative Analyst estimated that fully funding these districts,

[3] ***Sunset Review Report on Adult Education in California***, California Department of Education 1987; ***Meeting California's Adult Education Needs***, California Postsecondary Education Commission, October 1988.

[4] Many feel levels of ADA below 100 simply do not produce the monies needed to maintain an adult school that truly meets demands.

at a minimum 200 ADA level, would increase the General Fund by $40 million.[5] Although this option does not propose a minimum ADA level, the price tag would most likely range between $10 and $30 million. It is difficult to calculate the unmet need in these diverse geographical areas.

Fund Priority Areas of Instruction for All Districts

The California Education Code already mandates two areas of instruction, ESL and Citizenship.

This option is the same as Option 1A, except not all ten authorized areas of instruction would necessarily be funded. Once an instructional area had been approved for funding, it would continue to receive funding in that subject. Determining "demonstrated need" would require each district to assess its adult education needs and present data to the state that indicates an "unmet" need. A procedure to determine criteria for "demonstrated need" and state approval for funds would need to be established. The California Education Code[6] already mandates two areas of instruction, ESL and Citizenship. These areas would have first priority for funding.

Option 1B
FUND AUTHORIZED AREAS OF HIGHEST PRIORITY IN UNFUNDED DISTRICTS

Fund unfunded school districts based upon "demonstrated need" within the ten authorized areas of instruction. This should include:

- Determining areas of highest priority by "demonstrated need."
- Use of the statewide average as the revenue limit.
- Use of the second year of operation as the ADA CAP base year.
- Providing initial state funds to "start up" adult education.

Rather than having priority areas arbitrarily determined by the state, each district would address the unique needs of its local community. For example, if ABE instruction was arbitrarily stipulated as the highest priority area, those districts with high older adult populations, or high unemployment rates, may remain unserved, especially if immigration or adolescent populations are low.

In terms of "demonstrated need," one area of consideration is the presence and capacity of community colleges to provide noncredit programs to unfunded school districts. Expansion of an existing community college noncredit program may better utilize limited resources and serve the needs of the local community.

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[5] *Adult Education in California Public Education: A Sunset Review*, Office of Legislative Analyst, August 1988, page 60.

[6] California Education Code, Article 4; Section 52552; and Article 3, Section 52540.

The expedient solution to determine "demonstrated need" may come down to the ***number*** of people requesting service within the ten authorized areas. The criterion should go beyond numbers and not become too bureaucratic or burdensome to maneuver. The criterion should be reasonable and reflect the flexible nature of adult schools.

Because adult schools compete for limited funds with the K-12 system, there is concern that fully funding all 162 districts may not be the best use of limited resources. This option presents an alternative that would address both the cost issue and the unmet needs issue.

Although those authorized areas with the highest priority would receive funding, the initial dilemma of providing equal access to all individuals for adult education would not be immediately addressed by this option. This option presents the possibility for districts to build their adult school program over the course of years.

OPTIONS TO RAISE THE ENROLLMENT CAP

There are several methods that can be employed to increase the ADA CAP. The three options presented here address the need to raise the CAP to a level that more realistically reflects adult education needs in California.

Eliminate ADA CAP

Since 1978, the influence of local communities in adult school programs has significantly decreased. state mandated growth rates have prevented expansion in the manner and at the pace needed to serve local demand. This option contends that districts must be empowered to decide issues of growth at the local level.

Option 2A
ELIMINATION OF THE ADA CAP

Complete elimination of state imposed growth limitations. This should include:

- Providing services in the ten authorized areas of instruction that meet demand.
- Basing state funding upon the "actual" ADA served within the district.

Option 2A proposes to remove the state-imposed CAP on ADA growth. Simply, the ADA level "actually" served by the

district would be multiplied by the base revenue limit for that school year. Districts would be allowed to provide unlimited service in the ten authorized areas. "Fundable" and "actual" ADA would be equal.

No consistent data has been compiled on "waiting list" numbers, or the number of students turned away due to lack of programs. These unknown factors make this option precarious. Without more reliable data, which more closely approximates the present need, caution must be exercised in estimating the range of revenue required from the state to fund this option.

Lifting the CAP would increase the monies per program but not per person. There are, however, economies of scale that may work to the benefit of larger programs. The more students that share the cost of a course, the lower the cost per student served.[7] These economies of scale may benefit those programs that can add students and only minimally increase cost.

This option could result in an increase in the number of low cost programs. As demonstrated previously, there is a tendency for adult education to gravitate toward the source of maximum revenue. This option may result in some districts sacrificing classes that require higher per student costs for lower cost programs. It is possible that some districts would choose to build programs based upon maximizing their revenue rather than maximizing the educational completeness of the programs their adult schools offer.

The logic of this option is that ABE, ESL and Citizenship instruction provide the fundamental skills necessary to function productively in society.

Eliminate ADA CAP on ABE, Citizenship and ESL Programs

The logic of this option is that ABE, ESL and Citizenship instruction provide the fundamental skills necessary to function productively in society. Many feel that those requesting these courses should not be denied access due to lack of classes; nor should the demand for these courses outweigh the need for other adult services.

ABE instruction is defined here as both elementary and high school basic skills instruction. Service to demand, theoretically, means that no one is turned away from instruction. Although the CAP on ABE, ESL and Citizenship classes would be lifted, there would still be a CAP on the remaining seven authorized areas of instruction. This option requires that a new base year for growth adjustment be selected. The proposal is that the cumulative "actual" ADA for

[7] For example, the overhead cost for some classes is generally a fixed amount. The electricity, building, administration and teacher costs (up to a point) are the same regardless of whether there is one student served or 50.

1988-89, in the seven remaining areas, be used to create the new base year.

Option 2B
ELIMINATE CAP ON ABE, CITIZENSHIP AND ESL PROGRAMS

Remove ABE, ESL and Citizenship classes from growth limitations. This should include:

- Eliminating the CAP in both "Elementary" and "Secondary" Basic Skills (ABE), ESL and Citizenship.
- Providing services to meet demand in these four authorized areas.
- Base the CAP upon the cumulative ADA in the six remaining authorized areas of instruction.
- Reestablish the base year for ADA CAP growth to the 1988-89 "actual" ADA.

The California Education Code, Article 4, Section 52552, derived from 1921, stipulates that:

> Upon application of 25 or more persons desiring training for citizenship and residing in a high school district, the governing board shall establish special classes in training for citizenship. Upon demand the board may establish the classes with a lessor number of applicants.

Further, the California Education Code, Article 3, Section 52540, derived from 1923, stipulates that:

> Upon application of 20 or more persons above the age of 18 years residing in a high school district who cannot speak, read, or write the English language to a degree of proficiency equal to that required for the completion of the eighth grade of the elementary education, the governing board of the high school district shall establish classes in English.

ABE, ESL and Citizenship courses comprise over 67 percent of the fundable ADA in the state. This leaves 33 percent of the fundable ADA to be shared among the remaining six areas of instruction.

Both of these sections clearly imply the state has mandated instruction in both ESL and Citizenship courses. Since the early 1920's the state has empowered immigrants to request, and high school districts to supply, these courses. Yet, the state places growth restrictions upon these two areas via the ADA CAP. This option simply requests the state fund its mandate by lifting the ADA CAP in these areas. ABE courses are included due to the realization that without basic skills an individual is seriously limited both socially and economically.

ABE, ESL and Citizenship courses comprise over 67 percent[8] of the fundable ADA in the state. This leaves 33 percent of the fundable ADA to be shared among the remaining six areas of instruction. This type of domination by ABE, ESL and Citizenship makes it difficult for adult schools to balance the growth needed in the other six areas of instruction, and still remain capable of financing any ADA surpluses not funded by the state. Some feel that these six areas are underserved due to the high demand for ESL and the growing demand for ABE classes. Removing these four areas[9] from the total ADA CAP would allow other areas to grow to meet current needs. A new base year for growth adjustments would be created for the remaining seven areas. A decline in demand for ESL, Citizenship or ABE will merely mean that natural growth limits will be imposed at the local level. Demand will shrink or expand program size at a natural rate.

It is important to note that this option does not diminish the importance of the other seven authorized areas of instruction. Rather, it suggests that the absolute need to provide ESL, Citizenship and ABE instruction should be realized, and not considered in the CAP for other areas.

Update ADA CAP Base Year

The 1982-83 base year for ADA growth is almost eight years old, and even with growth adjustments, does not reflect the current need for services in the ten authorized areas of instruction. This option chooses 1988-89 as the new base year because it is the most recent figure for determining need. This option directly addresses the issue of adult school growth restrictions.

This option suggests that the base year for the ADA CAP be established at the number actually served in 1988-89. The base year CAP figure for the state would become 207,341 ADA.[10] A periodic review of the base year for the ADA CAP

[8] *Final Report of Adult Education Average Daily Attendance*, Addendum to Form J-19(A), 1988-89.

[9] The four areas of instruction are: 1) English-as-a-Second Language, 2) Elementary Basic Skills, 3) Citizenship, and 4) Secondary Basic Skills.

[10] The 1988-89 "actual" ADA. *SOURCE:* California Department of Education, Form J-19 Supplement.

is essential; without reviews, the current problems in adult schools will surface in future years. A criterion for an adequate review and adjustment procedure would need to be developed.

Option 2C
RAISE THE ADA CAP BASE YEAR TO THE 1988-89 "ACTUAL" ADA LEVEL

Update the base year for ADA growth from 1982-83 to 1988-89. This should include: Use of the "actual" 1988-89 cumulative ADA level as the new base year for growth adjustment.

- Raising the ADA CAP to 207,341[11], the "actual" ADA level for 1988-89.
- Periodically review and adjust the appropriateness of the 1988-89 "base year."

The "actual" ADA level for 1988-89 was 207,341, and the average revenue limit for 1988-89 was $1,370. Using these figures, the estimated cost for this option would have been at least $284 million.[12] The actual reimbursement from the state to adult schools in 1988-89 was $247 million ($37 million more would have been generated with this option). Certainly, this option benefits most those adult schools with ADA levels well over their CAP. However, periodic review and *changes* in the base year ADA CAP should mean that natural fluctuations will be reflected, and districts that grow will benefit. Programs will shrink or expand in conjunction with demand.

This option will not immediately help those districts that have restricted their programs to keep pace with the ADA CAP.[13] Periodic review and changes in the base year could, eventually, help these programs grow to meet needs. But these districts may need to finance the additional ADA to establish need.

Two assumptions are necessary for this option: (1) that the 1988-89 "actual" ADA is reflective of typical adult school demand, and (2) that periodic review of the appropriateness of 1988-89 as the base year for growth will be sufficient.

Raise ADA CAP to Legislated Level

Because educational programs have had to compete with each other for resources, adult schools, as well as other programs, are often not given what they need. This option

[11] *Final Report of Adult Education ADA*, Addendum to Form J-19(A), 1988-89.

[12] This is probably a conservative figure because the state "average" revenue limit is used for calculations.

[13] As discussed previously, those districts that serve to CAP (52 districts) may not be meeting demand, but opting to serve only the ADA level the state will reimburse.

simply proposes that adult schools be given what has been stipulated by law.

OPTION 2D
INCREASE ADA CAP TO EQUAL LEGISLATED GROWTH

Raise the ADA CAP to where it would be had adult schools received legislated growth adjustments as stipulated in *Senate Bill 813* and *Assembly Bill 2313*. This should include:

- A one-time increase in the ADA CAP to restore the growth lost through reduced growth allowances.
- Maintaining 1982-83 as the base year for the 2.5 percent growth increase in the ADA CAP.

Option 2D simply proposes that adult schools' ADA CAP be raised to where it would be had all growth adjustments, since 1982-83, been granted by the Legislature. The base year of 1982-83 would remain the same.

This option would allow almost every adult school program to grow. The total state ADA CAP for 1989-90 would be at 184,081, rather than the current 171,952 ADA CAP (**See Exhibit 4**). Using the 1989-90 state average revenue limit of $1,434, the estimated reimbursement level for this option would be $264 million.[14]

There are two assumptions with this option. First, that the 1982-83 base year is an adequate representation of adult school demand; and second, that an annual 2.5 percent growth rate is sufficient for future years.

OPTIONS TO RAISE THE BASE REVENUE LIMIT

Reimbursement per student from the state needs to more adequately reflect the cost per student to the district. Four options are presented to address the issue of revenue limit.

Adjust Revenue Limit to Past Inflation Rates

The revenue limit did not keep pace with the rate of inflation; therefore, adult schools lost significant financial ground in the late 70's and early 80's. Option 3A proposes that the revenue limit be adjusted to reflect the realities of the California economy. A one-time increase of the average

[14] This may be a conservative figure because the state "average" revenue limit is used for calculations.

revenue limit from the current 1989-90 revenue limit of $1,434 to $1,886 to reflect the effects of inflation on adult schools.

Option 3A
INFLATION ADJUSTED REVENUE LIMIT

Raise the revenue limit to reflect the effects of past inflation rates in California. This should include:

- A one-time increase in the "average" state revenue limit to absorb inflation losses.
- An increase in the "average" state revenue limit for 1989-90 to $1,886 per unit of ADA.

This option would be a significant increase in revenue for adult schools. Certainly, all districts would be better off financially. The cost to the state, using 1989-90 ADA CAP, would be approximately $324 million dollars, or $78 million more than the 1988-89 level (**See Exhibit 7**).

Revenue Limit Equal to Two-Thirds of K-12

In the past, adult schools received two-thirds of the K-12 revenue limit because full-time adult school attendance was two-thirds of K-12 attendance. Over the years, differing COLAs have produced a gap between the two systems of 16 percent. Presently adult schools receive about 50 percent of K-12 revenue limit, rather than 66 percent.

Option 3B
RAISE THE REVENUE LIMIT TO TWO-THIRDS OF THE K-12 REVENUE LIMIT

Funding adult learners at a rate equal to two-thirds of K-12 student reimbursement. This should include:

- An increase in adult school average revenue limit in 1989-90 to $1,772.
- Both systems receiving annual adjustments at the same rate to maintain a two-thirds difference.

This option proposes that the adult school revenue limit have a one time increase to be equal to two-thirds of the K-12 revenue limit. To remain at two-thirds, each system would have to receive equal annual adjustments (COLAs). This option would bring the adult average revenue limit to approximately $1,772.[15]

[15] [K-12 is average revenue limit ($2,658)] x 66.7% = $1,772

Providers have long felt that the cost difference between the two systems is not as great as the differing revenue per ADA would indicate. This option returns the adult revenue limit to the two-thirds rate.

All but two school districts were below this proposed revenue limit, of $1,772, in 1988-89. This option would have generated $58 million additional revenue for adult schools in 1988-89.[16] The primary assumption with this option is that adult school ADA costs run at two-thirds of the K-12 ADA cost.

Blended Revenue Limit

This option proposes that there be one revenue limit for both concurrent and regular ADA. The total revenue from adult and concurrent ADA would be added and then averaged to calculate the new revenue limit for adult schools. The estimated 1988-89 statewide average revenue limit for this combination was $1,753.[17]

Option 3C
ONE REIMBURSEMENT RATE FOR ADULT AND CONCURRENT ADA

Establish one "blended" revenue limit for concurrent and adult ADA reimbursement. This should include:

- Average adult and concurrent 1988-89 ADA revenue limits.
- Apply new revenue limit to adult schools.

Concurrent students are funded as "K-12" students and generate a higher ADA revenue limit which is collected in addition to the adult school's ADA CAP. Between 1980 and 1987 there was a 282 percent increase in concurrent ADA in adult schools.[18] Concurrent ADA in the 201 adult school districts that presently serve this group was 25,577 for 1988-89. The revenue earned by adult schools for concurrent ADA in 1988-89 was $67 million.[19] Questions have been raised regarding whether this is an appropriate rate of reimbursement for these students in adult schools. Some feel that the "adult" revenue limit would be adequate to use for

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[16] [Adult ADA CAP (171,952)] x $1,772 = $305 million. $305 - [($247) 1989-90 Total Revenue] = $58 million

[17] [Total Concurrent Revenue ($73,728,420) + Total Adult Revenue ($290,916,213)] / [Total Concurrent ADA (25,577) + Total Adult CAP (182,429)] = $1,753. ***SOURCE:*** California Department of Education, Form J-19.

[18] This increase is primarily due to the participation of high school students in adult school courses that supplement the high school curriculum for students unable to meet graduation requirements. ***SOURCE:*** Barry Stern, ***The California Adult Education System: Background Paper***, prepared for the Adult Education Unit, California Department of Education, by Pacific Management and Research Associates, page 48.

[19] This amount excludes reforms.

concurrent ADA. However, simply pulling these funds away from adult schools would greatly alter some school's ability to continue certain programs. This option presents an alternative that equalizes adult and concurrent funding, yet provides some cushion to adult schools that have concurrent programs.

Many adult schools have designed programs in ways to accommodate the growing number of concurrently enrolled students. Some argue that pulling these funds would affect the adult school's ability to provide the same quality of services particular in GED preparation and high school basic skills. This option would not directly address this issue if the weighted average were distributed to all schools, with or without concurrently enrolled students.

This option assumes that concurrently enrolled students do not require additional revenue in adult schools. Accordingly, adult schools that provide concurrent programs in the future will not need a higher level of per ADA reimbursement.

Equal Revenue Limit for Adult Schools and Noncredit ADA

The Community College noncredit ADA rate has almost always been higher than the adult school ADA rate. The historic rationale for different funding rates has been that college teachers are paid higher salaries than adult school teachers, along with the college's provision of higher levels of student services.[20]

Option 3D
EQUALIZE THE ADULT SCHOOL AND NONCREDIT REVENUE LIMIT

Increase the adult school revenue limit to the Community College noncredit revenue limit. This should include:

- Increase the adult school "average" revenue limit by $140 to meet the 1989-90 revenue limit of $1,574 per community college noncredit ADA unit.
- Both systems would have to be annually adjusted at the same rate to maintain equal revenue limits.

Many believe that since the services provided are equivalent, the funding rates per ADA should be equal.[21] The 1989-90 revenue limit is $1,434 for adult schools, and $1,574 for noncredit ADA, a difference of $140. Option 3D proposes that the adult school revenue limit be raised to the community

[20] *Meeting California's Adult Education Needs,"* California Postsecondary Education Commission, October 1988, page 3.

[21] *Ibid.*

colleges noncredit level of $1,574. To remain equal, both systems would have to be adjusted at the same rate.

The cost to the state for equalization is estimated at $25 million.[22] Currently the noncredit ADA revenue limit is determined by the community college district. In order to maintain equal revenue limits, both adult schools and community college noncredit programs would have to be adjusted in the same manner.

The growth limitation for community colleges is for total instruction (credit and noncredit) in the district. It is based upon the growth of the adult population in the district. However, noncredit programs are not guaranteed growth.

This option makes three assumptions: (1) that the noncredit revenue limit is currently adequate for noncredit instruction, (2) that noncredit and adult schools have the same costs, and (3) that growth factors are equal for adult schools and community college districts. If the objective is to simply increase revenue, then this option will accomplish that goal. However, the assumptions necessary to justify this option are questionable, and may produce only a short-run solution.

OPTIONS FOR ADJUSTMENTS OF ADA CAP GROWTH AND REVENUE LIMIT

Without an adequate and consistent growth adjustment for the ADA CAP, any initial increase in the CAP will bring little relief in the long run for adult schools. Three options are presented for growth adjustments of the CAP, 4A, 4B and 4C.

Currently the revenue limit is increased by 6 percent each year. As previously discussed, the revenues generated from this formula are inadequate. Without an appropriate annual revenue limit adjustment, adult schools will continue to be underfunded. Two options are presented for revenue adjustments 4D and 4E.

Local Demographics Adjustment

Currently, one arbitrary growth adjustment is applied statewide. Those districts with faster population growth either fall further behind in their ability to serve demand, or they locally fund services unfunded by the state. Further, adult schools have received no growth increases in the past two years. This option presents an alternative to current growth adjustment practices that will more closely parallel reality.

[22] *Ibid.*

The population changes within districts would reflect more closely the needs of the local communities.

This option proposes that a formula, which includes a variety of demographic factors, be used to more accurately adjust the growth rate of the CAP. Currently, there are few formal data collection methods at the district level. This proposed system would require that the district collect reliable demographic information in a variety of categories. The envisioned formula would include a list of demographic factors such as: age, immigration rate, level of education, high school dropout rate, teenage pregnancy, unemployment, or health issues (*e.g.* AIDS). The growth adjustment to the ADA CAP would be based upon district needs in the areas chosen.

Option 4A
ADJUST GROWTH IN ACCORD WITH LOCAL DEMOGRAPHICS

Use local community demographic changes to adjust growth in the ADA CAP. This should include:

- Adult population changes.
- High school dropout rate.
- Teenage pregnancy rate.
- Immigrant population changes.
- Unemployment rate.
- Other

Increasing rates of dropouts, or illiteracy, may be an indication of failure within the district to design effective programs, a factor that may, or may not, be a result of limited funds.

Although some information is available at the county level, school districts differ in the number of people served, the geographical territory covered, and demographics. It would be in the best interest of the district to devise, or participate, in a system that could quickly and easily provide the information necessary for accurate growth adjustments. The purpose of collecting such data is twofold: (1) providers of adult educators could better forecast and plan for changes in their own growth, and (2) adult educators could approach their local boards, state legislatures, and the public, armed with solid data on the needs of adults within their districts. Of course, not all districts, particularly in large urban areas, are expected to continue to grow at increasing rates. These districts may be negatively impacted. However, under the current system, if population is stable or declining, districts still receive growth adjustments that negatively impact districts growing at greater than 2.5 percent (the current mandated growth rate).

There are strong arguments against this type of adjustment for growth. Efficient programs that successfully address educational problems (*e.g.* high school dropouts, teenage pregnancy, unemployment, etc.) would, in essence, be punished rather than rewarded for their work. Increasing rates of dropouts, or illiteracy, may be an indication of failure within the district to design effective programs, a factor that may, or may not, be a result of limited funds. Some feel that successful programs should be rewarded most generously.

Other issues are also of concern. For example, increases in immigrant population is not an indication of a system failure, but nor is it synonymous with a need for increases in ESL or ABE instruction.

This option makes four assumptions: (1) that adult educators will take the lead in collecting reliable data on their districts' demographic changes, (2) that demographic changes will accurately reflect adult education needs, (3) that additional funding will increase program effectiveness; and (4) that inefficiencies in the system are funded in financial constraints.

Implement Current CAP Adjustment

The rationale for Option 4B is simply that a 2.5 percent growth adjustment has been mandated by law. The problem has been that, due to budget decisions, the increases have not been granted. After an initial increase in the ADA CAP this option proposes that the current legislated growth rate of 2.5 percent be continued. This means that 2.5 percent would be added annually to the growth adjustment multiplier.

Option 4B
ADJUST THE GROWTH CAP IN ACCORD WITH LEGISLATION

The enrollment growth CAP would be adjusted in accord with established legislation . This should include:

- Raising the ADA CAP growth "multiplier" to its legislated level of 17.5 percent for 1989-90.
- Maintaining the ADA CAP growth adjustment as stipulated in current law (2.5 percent).
- Applying the cumulative annual ADA CAP adjustment rate to the base year.

The growth rate of 2.5 percent is arbitrary and applied statewide. The argument against this option is that it most likely does not reflect the population changes in many districts, by ignoring differences in district growth rates. Those districts with declining district populations would receive the same 2.5 percent growth increase for their programs as districts with a faster growth rate. This option requires no new legislation for the growth adjuster.

This option assumes that (1) an arbitrary growth adjustment is sufficient to meet growth needs, (2) that a universally applied growth rate is adequate, and (3) there are no significant differences among school districts' growth rates.

Adjust ADA CAP in Relation to K-12

Some people feel that the K-12 enrollment level is a leading indicator of adult education enrollment levels. As such, as K-12 enrollment increases or decreases, it is felt that adult ADA levles could be adjusted in relation to these fluctuations.

Option 4C
ADJUST THE ADA CAP IN RELATION TO K-12

The adult ADA CAP would be adjusted by the percentage of K-12 growth. This should include:

- Raising the adult ADA by the percentage of K-12 growth.
- The percentage applied would have a yet to be determined lag time.

The procedure for implementing this option would require consideration of several factors. First, K-12 growth can be positive or negative. This could result in adult ADA growth being attached to a potentially deceptive leading indicator. Second, this option does not allow for adult immigration or migration to the state. It is possible that K-12 growth could be fairly stable, but the adult population could actually be increasing due to migration, immigration, plant closure, increases in older adult population or other factors unique to the adult population. This option may not absorb these needs. Third, increases in K-12 growth could reflect increase in the early grade populations. These increases would not be reflected in actual adult ADA levels for years, if at all. The lag time for this leading indicator would be volatile.

There are two assumptions with this option (1) K-12 growth level reflects (eventual) adult school needs (2) Tying adult school growth to growth in another educational system will benefit adult schools.

Adjust Revenue Limit in Accord with Inflation

The COLA for adult schools has been set at 6 percent since 1978. As previously discussed, 6 percent has been above the rate of inflation for the past several years. However, 6 percent was below the rate of inflation during the 1970's. Option 4C would annually increase the revenue limit by the state's inflation rate for the year.

The rationale for this option is that the cost to run an adult school program will increase (all else being equal) at the same pace as the rate of inflation. Any adjustment consistently below the rate of inflation will place adult schools at an

economic disadvantage. This option proposes that the revenue limit be allowed to keep pace with the rate of inflation.

Option 4D
ADJUST THE REVENUE LIMIT BY THE INFLATION RATE

Increase the adult school revenue limit by the annual rate of inflation in California: Add the annual California inflation rate to the previous year's revenue limit.

This option makes one assumption--that the baseline revenue limit is sufficient enough to benefit from inflation adjustments. Without this premise, this option will not be desirable; adult schools would continue to lose financial ground.

Maintain Current COLA Rate

Currently the COLA for adult schools is mandated at 6 percent. This percentage has been higher than the rate of inflation in the past nine years and may be desirable to maintain. The formula for calculating the annual revenue limit increase would remain the same.

Option 4E
ADJUST REVENUE LIMIT BY LEGISLATED ANNUAL COLA

Maintain the current adjustment level: Use the 6 percent cost-of-living allowance (COLA) each year.

There are two assumptions made for this option: (1) that the baseline revenue limit is sufficient to benefit from a 6 percent COLA, and (2) that inflation will remain somewhat constant (fluctuating around 6 percent). The disadvantage is that a set COLA is a gamble. Certainly, if inflation goes above 6 percent adult schools lose; and if inflation is below 6 percent, the public loses.

Criteria for Evaluation of Options

All of the options presented must be measured against a common critera The criterion selected to measure the viability of each option is discussed. Each option is then measured on

the common criteria to assess its viability. The criterion chosen to gauge the viability of each option will include those areas previously presented in this paper. The criteria includes the: (1) impact on the learner, (2) impact on the providers, (3) ability to solicit broad-based support, and (4) the overall feasibility of the option.

Exhibit 10
CRITERIA FOR EVALUATION OF OPTIONS

IMPACT ON LEARNERS
- **Improve access to adult education opportunities**
- **Ability to be served in any of the 10 areas of instruction**
- **Improve quality of education offered**

IMPACT ON PROVIDERS
- **Impact on both large and small districts**
- **Ability to remain flexible and responsive**
- **Ability to adequately grow**
- **Ability to balance programs in 10 areas of instruction**
- **Ability to recruit and retain teachers**

ABILITY TO GAIN BROAD-BASED SUPPORT
- **Support of the general public**
- **Support of the legislature**
- **Support of local communities**
- **Support of other providers**

OVERALL FEASIBILITY
- **Impact on learner**
- **Impact on providers**
- **Ability to solicit support**
- **Ability to improve quality**

Unquestionably, the primary goal of adult schools is to make the adult learner "better off."

Impact on Learner. Any funding policy chosen must consider the variety of adult learners that need to be served. Learners represent many adult age groups, nationalities, backgrounds, and levels of education. It is shortsighted to label the adult as any one type or category, except that they seek out adult education. Unquestionably, the primary goal of adult schools is to make the adult learner "better off." Specifically, options will be evaluated on their ability to improve access of all adults to educational opportunities, provide services in all ten authorized areas of instruction, and finally how they impact the quality of adult education offered to adults.

Impact on Providers. Funding options will not impact each provider to the same degree, or even in the same manner. For the purpose of this paper, providers are defined as adult schools. Options are evaluated as to how they impact the differing needs of providers. Providers come in different sizes and different levels of complexity. Some districts run very large programs that encompass adult, independent study and concurrent programs; while other districts run very small

programs, offering only ESL and Basic Skills courses. Districts also experience different rates of growth and different demographics. Funding options must be evaluated in terms of how they impact the unique needs of providers. Adequate monies to develop and maintain a balance of the ten authorized areas of instruction, retain qualified teachers and secure adequate facilities is a also high priority. Options also must allow for adequate growth, as well as the ability of providers to remain flexible and responsive to local needs.

Ability to Solicit Broad-Based Support. Options must be evaluated in terms of how they will impact constituents other than learners or providers. Funding policies require the support of the general public. The public has a vested interest in supporting programs that provide quality educational opportunities to adults. However, society needs to make choices regarding which social programs are most worthy of their tax dollars. How positively stakeholders are impacted will ultimately determine the extent and degree of support an option earns. Widespread support of any option is vital because the ultimate criteria is the option's ability to receive legislative support and financial backing. Adult education funding is controlled through legislation. That makes legislators very powerful stakeholders. How the Legislature views funding policy options will ultimately decide whether the funding system will change.

Overall Feasibility. No single policy will completely address the complex needs of adult education. Every option carries costs as well as benefits. Often, something must be sacrificed in order to make the option work (*e.g.* money, growth, flexibility, authority, other social programs). These costs must be evaluated against the benefits of the option. Further, the ability of the option to address enough needs to promote a broad-based consensus must also be evaluated in its overall feasibility.

Comparison of Pros and Cons of Options

In this section, the options presented in the four funding issues discussed in this paper, (1) Unfunded Areas, (2) Enrollment CAP, (3) Revenue Limit, and (4) Adjustment Rates for the ADA CAP and the Revenue Limit, will be measured against the evaluation criteria;.

UNFUNDED AREAS

There were two options presented for this issue: **(1A)** Fully Fund All 162 Unfunded School Districts, and **(1B)** Fund Unfunded School Districts Based Upon Demonstrated Need.

Impact on Learner. Clearly the learner in currently unfunded areas, would gain better access to educational opportunities with either option suggested. Option 1A, to fully fund all areas, would best fulfill this criteria. Unlike Option 1B, the first option would also provide services in all ten areas of instruction. There is no guarantee that the availability of state funds will ensure quality. Compared to the quality of services currently available in most of the unfunded areas, it could be argued that "quality" cannot help but be improved with either of these options. Although learners in unfunded areas would be better off with either option, Option 1A impacts the learner "most" positively.

Impact on Providers. Either of these options would positively impact providers not currently funded by the state. These providers would gain needed state financial support to create more services within their communities. Those adult providers currently funded by the state may find this option less appealing. Afterall, limted resources would be funneled to start up new programs, rather than to expand current programs.

Option 1B places more responsibility, and paperwork upon providers than Option 1A. Providers would need to document the "need" for services in any of the ten areas in order to gain funding from the state. Option 1B also restricts the flexibility and autonomy of the provider to respond quickly to local changes. However, Option 1B may promote cooperation between noncredit programs and schools districts to find innovative ways to provide services unfunded by the state. Due to the autonomy and flexibility Option 1A provides, it would have a higher positive impact upon providers than Option 1B.

Ability to Solicit Broad-Based Support. Local communities in unfunded areas would be positively impacted by either Option 1A or 1B. The state would relieve local communities from solely funding their adult programs. Although both options require additional money be allocated to adult schools, Option 1A requires the public spend an indeterminate amount of money. From the general public's point of view, it may be more advisable to fund those areas of instruction that are "most" in demand, rather than to fully fund all areas. It is difficult to "fairly" weigh the needs of local communities against the needs of the general state. Nevertheless, Option 1B would have a positive impact upon both the local community (by funding needed services), and

the general public (by providing services to localities), yet use selective application of funding. Therefore, Option 1B would have a better chance of gaining broad-based consensus than Option 1A.

Overall Feasibility. Although learners and providers are more positively impacted by Option 1A, general support for Option 1B may be more feasible. Option 1B provides a compromise that will still impact learners, providers and non-providers positively. Option 1A carries an indeterminately high price tag that creates further difficulties in gaining legislative support. Support may come more easily if providers attempt to cooperate and expand community college noncredit programs to serve more districts adequately, or through legislation that allows distance learning techniques in adult schools. Either of these options would help to provide more services to unfunded areas. Politically, Option 1B is a much more feasible option than Option 1A (**See Exhibit 11**).

ENROLLMENT CAP

Four options were presented to address the issue of the ADA enrollment CAP: (**2A**) Complete Elimination of the CAP; (**2B**) Elimination of the ADA CAP on ESL, Citizenship and ABE; (**2C**) Raise the CAP to 1988-89 "Actual" ADA Level; and (**2D**) Raise the CAP to Reflect Legislated Growth Adjustments.

Impact on Learner. All four of these options would have a high positive impact upon adult learners by providing more educational opportunity through additional ADA allowance. Option 2A, complete elimination of the CAP, would provide the most access to learners, assuming providers had adequate monies and facilities to serve to demand. Option 2B would also have a high positive impact on learners by lifting the CAP in ESL, Citizenship and ABE courses, which in turn would expand the growth in the other six areas of instructions. Options 2C and 2D would have a positive impact by easing growth restrictions; but compared to Options 2A and 2B, would not have as high of a positive impact on adult learners (**See Exhibit 11**).

Impact on Providers. Complete elimination of the ADA CAP, and elimination of the CAP on ESL and ABE courses (Options 2A and 2B), would have a high positive impact upon providers. Small schools (under 100 ADA), in particular, would benefit from either Option 2A or 2B because both allow for significant growth in ADA levels. Both Options 2A and 2B would give providers more flexibility and autonomy over program design.

Although both Options 2C and 2D are more restrictive when compared to the first two options, both do provide growth of ADA levels. Option 2C, to raise the CAP to 1988-89 actual ADA, would not have as positive an impact on those 52 districts that currently only serve to CAP. These districts' "actual" and "fundable" ADA are the same; therefore this option would not provide them needed growth in ADA.

Both complete elimination of the ADA CAP (Option 2A) and elimination of the CAP on ESL Citizenship and ABE (Option 2B) would have highly positive impacts on quality when measured by the ability to offer balanced programs, retain teachers, and secure facilities. Presumably, the balance between high and low cost courses would improve if growth limitations were eased. The additional money generated due to higher ADA levels would improve the ability of providers to expand the number of courses, as well as retain teachers and facilities. Options 2C (use 1988-89 as new base year) and 2D (raise to legislated level) allow for an initial increase in the ADA CAP but still restrict the autonomy of the district in terms of the types of programs they can afford to maintain in the long run. Options 2A and 2B would have a higher positive impact upon providers than Option 2C or 2D.

Ability to Solicit Broad-Based Support. Gaining broad-based support for total elimination of the ADA CAP (Option 2A) would be extremely challenging. First, the amount of money to fund such a change is difficult to determine but is clearly the most expensive option. Second, the addition of "unfunded districts" under this stipulation would surely drive the cost extremely high. Broad-based support is more likely for any of the remaining three options. Option 2C may generate widespread support because it proposes that the ADA growth base year be raised the "actual" ADA level served in 1988-89. Option 2B, which would eliminate the CAP on ABE, Citizenship and ESL programs, may generate the most support because it makes a policy statement regarding educational priorities in California.

Exhibit 11
CROSS-MATRIX COMPARISON OF OPTIONS

Option:	Evaluation Criteria:			
	Impact on Learner	Impact on Providers	Broad-Based Support	Overall Feasibility
UNFUNDED AREAS				
(1A) Fund All Districts	■	■	▒	
(1B) Fund Districts by Demonstrated Need	▒	▒	■	■
ENROLLMENT CAP				
(2A) Eliminate CAP	■	■		
(2B) Eliminate ESL, Citizenship and ABE CAP	■	■	■	■
(2C) 1988-89 as Base Year	▒	▒	▒	▒
(2D) Raise CAP to Legislated Level	▒	▒	▒	▒
REVENUE LIMIT				
(3A) Raise to Inflation Level	■	■		
(3B) Raise to Two-Thirds K-12	■	■	▒	▒
(3C) Average Adult and Concurrent	▒		▒	■
(3D) Raise to Noncredit Level		▒	■	■
GROWTH ADJUSTMENT				
(4A) Adjust CAP by Demographics	▒	■	▒	▒
(4B) 2.5 Percent CAP Growth	▒	▒	▒	■
(4C) Adjust CAP with K-12			▒	▒
(4D) Adjust Revenue by Inflation	Unknown	▒	▒	▒
(4E) Maintain 6 Percent COLA	Unknown	■		

Degree of Impact: ■ High ▒ Medium □ Low

Overall Feasibility. Simply due to the cost, Option 2A would have low overall feasibility. Option 2D proposes adult schools be given what they are entitled to under the law; while Option 2C proposes that 1988-89 actual ADA be established as the new base-year for growth. Either of these options are feasible. Nonetheless, Option 2B (Eliminate CAP on ABE, ESL and Citizenship) proposes a policy statement regarding adult education priorities. Politically, literacy is currently enjoying well deserved attention as a primary social goal.

Option 2B is also attractive because it raises the ADA in the other six areas of instruction to the 1988-89 "actual" ADA levels. Option 2B could be the most feasible overall, but success will require active participation from providers (**See Exhibit 11**).

REVENUE LIMIT

Four options were presented to address the issue of inadequate revenue limits per unit of ADA: (3A) Raise the Revenue Limit to Reflect Past Inflation Rates ($1,886), (3B) Raise the Revenue Limit to Two-Thirds of the K-12 Revenue Limit ($1,772), (3C) Average the Adult and Concurrent Revenue Limits ($1,753), and (3D) Raise the Revenue Limit to the Noncredit Revenue Limit ($1,574).

Impact on Learner. Any increase in revenue per ADA would benefit adult learners. More revenue would improve the quality of education by providing adequate facilities, more full-time teachers, and a better balance of classes offered in the ten areas of instruction. Certainly, the option that generates the most revenue, Option 3A, would most positively impact the learner.

Impact on Providers. The option that would have the most positive impact on providers would be Option 3A simply because it generates the most money ($1,886) per unit of ADA. Option 3B (two-thirds of K-12) generates $1,772 per ADA and would also have a highly positive impact on providers. Option 3B also requires that the COLA granted to K-12 also be granted to adult schools. Without the same allowance, providers would eventually lose the two-thirds proportion. Option 3C would have a impact on those 200 or so providers with concurrent programs. Option 3C, averaging adult and concurrent ADA, would actually decrease revenue to those providers presently running concurrent programs. Certainly the $67 million currently earned by these programs should not be pulled from adult schools. Nevertheless, this option would have a lower positive impact on providers when compared to the other options.

Option 3D, equalizing adult and noncredit revenue limits, would increase revenue to many schools. However, to keep this equalization, adult schools would have to receive the same growth adjustments and COLAs granted to noncredit programs. Both of these adjustment formulas are based upon Community College District formulas and procedures that may or may not reflect the needs of adult schools. This makes this option less likely to have a high positive impact upon providers.

The options that would impact providers most positively are Options 3A and 3B. Options 3D and 3C would have moderate to low positive impact upon providers (**See Exhibit 11**).

Adult educators will need to create and build support for any of these options that request more money. . Any increase in adult school revenue limit will, most probably, instigate other systems to request revenue adjustments.

Ability to Solicit Broad-Based Support. Adult schools have been sufficiently underfunded for so many years that a *significant* increase in the revenue limit per ADA is necessary to remedy the current situation. Adult educators will need to convince legislators, other providers, and the general public that adult schools require this increase in revenue. Historically, community college noncredit programs have received a higher revenue limit per ADA than adult schools. It may be optimistic to envision widespread support for adult schools receiving a higher revenue limit than noncredit programs. Adult educators will need to create and build support for any of these options that request more money. The option most likely to gain broad-based support is Option 3D (equal to noncredit). Nonetheless, Option 3B (two-thirds K-12) and Option 3C (concurrent and adult average) are capable of capturing broad-based support if adult educators are willing to educate the public. Option 3A would be difficult to gain consensus on simply due to its cost. Also, any increase in adult school revenue limit will, most probably, instigate other systems to request revenue adjustments.

Overall Feasibility. Option 3A (raise to inflation level) is too expensive and out of line with other providers to gain the legislative support necessary. Option 3C (concurrent and adult average) is a partial solution but has very high overall feasibility because it reinforces no new money, and has high feasibility as a supplement to the "general" funding option chosen. Option 3B has a moderate overall feasibility, while Option 3D probably has the highest overall feasibility (**See Exhibit 11**).

ANNUAL GROWTH ADJUSTMENTS

Three options have been presented as to how annual increases in the ADA CAP can be calculated. Option 4A, to adjust growth based upon local demographics, may be more difficult to justify unless efficient and effective performance is also rewarded. Local demographic changes, coupled with a performance criteria, could provide the most acceptable adjustment formula. Option 4B, 2.5 percent growth rate, is arbitrary and universally applied, but familiar and easy to calculate. Option 4C, raise CAP in relation to K-12 growth, may not reflect actual adult school growth rates. Option 4A presents an opportunity for local district needs to be reflected in growth adjustments, as such it would have the highest positive impact.

Two options presented as to how annual increases in revenue limit can be adjusted. Option 4D proposes adjustments reflect actual inflation rates, and Option 4E proposes to maintain the 6 percent COLA rate already in place. There has been discussion in various areas of government to lower the 6 percent COLA mandate for adult schools. These discussion make the overall feasibility of Option 4E lower than Option 4D **(See Exhibit 11)**.

As explained previously, the options presented in this chapter are examined in isolation of each other. The most appropriate funding policy for adult schools requires that options be selected to work in cooperation with each other. These options are presented for further analysis and discussion.

Chapter 4
Conclusion

Adult education funding in California involves several systems. Each of these systems has different funding structures and needs. This report discusses adult schools and outlines several options specific to that system for further study.

This paper has addressed public school adult education funding issues. Each of these four issues, (1) Unfunded Areas, (2) Enrollment CAP, (3) Revenue Limit, and (4) Enrollment Growth and Revenue Adjustments, have been discussed, and options have been presented in each area. All of the options have been presented as discussion items for further consideration. It is certainly possible that the most advisable course of action will be to pursue the implementation of final policy recommendations in stages. For example, new revenue limits may best be increased over the course of a two or three year period. Or, it may be necessary to slowly build up to full implementation of a funding policy for unfunded areas simply because resources to fund all of these areas may be scarce.

Educational funding is a political, as well as social issue. As such, the viability of options is speculative and subject to change. Further development and analysis of policy options for adult school funding, will be conducted by the Adult Education Institute for Research and Planning, under the guidance of the Adult Education Interim Steering Committee and its subcommittees.

California adult education goes beyond adult schools. There are other adult education systems to consider. These systems have unique governances, structures and funding problems. This report has not weighed the needs of other systems. Ultimately, any funding policy package will need broad based support and legislative endorsement. Realistically, this will require further analysis and discussion to gain a consensus of agencies, businesses, learners and other education stakeholders.